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ABSTRACT

Ten units on practical business are presented in this instructor and student guide. Each instructional unit contains objectives, suggested activities, information sheets, assignment sheets, transparency master, a test, and test answers. Unit topics are (1) before you buy (comparative shopping and wise purchasing techniques); (2) when things go wrong (consumer complaints and laws); (3) planning credit buying (use and misuse of credit); (4) your transportation (buying, financing, and insuring a car); (5) your housing (choosing, financing, and insuring a home); (6) your health (health care costs, professionals, and insurance); (7) your employment (payroll deduction, social security benefits, and union practices); (8) your taxes (deductions and tax forms); (9) your savings and investments (compounding interest, stocks and bonds, and tax shelter plans); and (10) your leisure time (costs, sports, and hobbies). (CT)

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PRACTICAL BUSINESS
Instructor/Student Guide

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Graduate Research Assistant
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U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

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FOREWORD

This publication is designed to be used as a student and teacher curriculum guide for an upper level, one-semester course in practical business, an area of study that is certainly relevant for the consumer's daily activities.

Students living in today's business-oriented world are expected to be able to perform certain functions, such as basic mathematical computations, decision-making based on economic allocation of scarce resources, and the intelligent management of personal earnings. This guide attempts to accomplish these goals through a study of the practical, consumer-level side of business.

Appreciation is expressed to the many individuals who helped in the development of this publication. Special thanks are offered to Dr. Mary Jane Lang, Business Education Coordinator, University of Missouri-Columbia, for her extra guidance and assistance, and also to my husband, Gene, for his patience.

Deedee Stocker Napier
Graduate Research Assistant

TO HELP YOU USE THIS GUIDE

The approach taken in this publication is unique. Instructors, before attempting to teach from this material, should become acquainted with it and should understand the writer's ideas. This introduction is for the instructor's benefit and explains the most effective use of this publication.

INSTRUCTIONAL UNITS

Each instructional unit includes objectives, suggested activities, information sheets, assignment sheets, transparency masters, a test and answers to the test.

OBJECTIVES

Each unit of instruction is written with measurable objectives. Measurable objectives are the means of stating the goals of a course in such a way that both the instructor and the student will know the changes in behavior expected to occur as a result of the instruction. In short, objectives are the means of providing direction and accomplishment for the student.

The unit objective provides an overall goal for each unit. Specific objectives state the performance of the student necessary to reach the unit objective. Before attempting to teach a unit, these objectives should be explained to students so they will know what is expected of them.

SUGGESTED ACTIVITIES

Each unit of instruction has a suggested activities sheet outlining steps to follow in accomplishing the specific objectives. The activities sheet relates the duties of the instructor to the particular unit. Instructors are encouraged to use additional activities such as those found in selected textbooks as a means of accomplishing the objectives.

INFORMATION SHEETS

The information sheets contain essential facts necessary for the teaching of a unit of instruction. These sheets should be given to the student. Assignments and transparency masters are correlated to information sheet sections to help match instructional content with appropriate learning activities.

TRANSPARENCY MASTERS

Transparency masters are charts, pictures or illustrations printed for use in making overhead transparencies. These are included in each unit. A transparency should be made from the transparency master to be shown on an overhead projector, or it may be reproduced and made available to the student as an information sheet handout. Ready-made transparencies are available through the Instructional Materials Laboratory.

ASSIGNMENT SHEETS

Assignment sheets are provided which are coordinated with each unit. Answers to the assignment sheets are also included.

TEST

A test is included at the close of each unit of instruction to measure attainment of specific objectives.

COLOR CODE SYSTEM

The following key will help to identify each section easily by color:

White - Objectives, Suggested Activities and Transparency Masters

Green - Information Sheets

Gray - Assignment Sheets

Yellow - Tests

Pink - Answers to Assignment Sheets and Tests

Note: The effectiveness of this publication will depend on you as an instructor.

COURSE OUTLINE

Unit I--Before You Buy (Comparative shopping and wise purchasing techniques) Suggested Study--3 weeks

Unit II--When Things Go Wrong (Consumer complaints and laws) Suggested Study--2 weeks

Unit III--Planning Credit Buying (Use and misuse of credit) Suggested Study--2 weeks

Unit IV--Your Transportation (Buying, financing and insuring a car)
Suggested Study--3 weeks

Unit V-- Your Housing (Choosing, financing and insuring a home)
Suggested Study--2 weeks

Unit VI--Your Health (Health care costs, professional and insurance)
Suggested Study--1 week

Unit VII--Your Employment (Payroll deduction, social security benefits and union practices) Suggested Study--1 week

Unit VIII--Your Taxes (Deductions and tax forms) Suggested Study--1 week

Unit IX--Your Savings and Investments (Compounding interest, stocks and bonds and tax shelter plans) Suggested Study--1 week

Unit X--Your Leisure Time (Costs, sports, hobbies) Suggested Study--1 week

For a total of 17-18 weeks

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BEFORE YOU BUY
UNIT I

UNIT OBJECTIVE

After completion of this unit, the student should be able to demonstrate the ability to make wise purchases based on sound economic decisions and thorough prepurchase investigation.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Define and use terms commonly associated with consumer comparative shopping and buying decisions.
2. List seven suggestions for wise prepurchase research.
3. Discuss ten considerations in comparative shopping.
4. Discuss the economics of product pricing policy.
5. Describe five methods used by some companies to deceive customers.
6. Identify and describe six steps in making a purchase decision.
7. Judge the best purchase product from comparables after collecting product research information (to be used in decision-making) through completion of the appropriate assignment sheet to the satisfaction of the instructor.

BEFORE YOU BUY
UNIT I

SUGGESTED ACTIVITIES

I. Instructor:

  A. Provide students with objectives sheet (preceding page)

  B. Provide students with information sheets and assignment sheets

  C. Make transparencies

  D. Discuss objectives

  E. Discuss information sheets, assignment sheets and topics in content outline

  F. Give test

II. Student:

  A. Read objectives sheet

  B. Study information sheet

  C. Complete assignment sheets

  D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

  A. Objectives sheet

  B. Information sheets

    1. Terms

    2. Content topic outline

  C. Transparency masters

    1. TM-I-1: Steps to Wise Buying

    2. TM-I-2: Product Safety

3. TM-I-3: "Intangibles" of Buying
4. TM-I-4: What is Grade?
5. TM-I-5: Why Metrics?
6. TM-I-6: Common SI Prefixes
7. TM-I-7: Metric Unit of Length
8. TM-I-8: Celsius Temperature
9. TM-I-9: For Lowest Cost Per Serving--Think Big!
10. TM-I-10: Guarantee Registry Card
11. TM-I-11: Buyers Beware
12. TM-I-12: Alas--Advertising Does Affect the Consumer
13. TM-I-13: Price Gimmicks
14. TM-I-14: Some Examples of "Bargain" Offers
15. TM-I-15: Common Allocation of Resources
16. TM-I-16: Shopper's Sale Calendar

D. Assignment sheets

1. Assignment Sheet #1: Scrambled Letters
2. Assignment Sheet #2: Prepurchase Procedures
3. Assignment Sheet #3: New vs. Used--What Do You Think?
4. Assignment Sheet #4: Researching with Consumer Magazines
5. Assignment Sheet #5: Where You Buy--Who Am I?
6. Assignment Sheet #6: National vs. In-House Brands
7. Assignment Sheet #7: Packaging and Labeling Investigation
8. Assignment Sheet #8: Analysis of a Warranty
9. Assignment Sheet #9: Same Thing--Different Price
10. Assignment Sheet #10: Identifying "Ad and Buy" Techniques

11. Assignment Sheet #11: Influences from Consumer Demand

12. Assignment Sheet #12: Case Study--Poor Purchase Decisions

13. Assignment Sheet #13: Case Studies--Comparing Purchase Costs

14. Assignment Sheet #14: Identifying Wise Buying Decisions

15. Assignment Sheet #15: Prepurchase Research Forms

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Agencies

1. Better Business Bureau of Greater Kansas City, Inc.
906 Grand Avenue
Kansas City, MO 64106
Phone: (816) 421-8188

2. Center for the Study of Responsible Law (Nader's Raiders)
P. O. Box 19367
Washington, DC 20036
Phone: (202) 833-3400

3. Consumer Information Center
General Services Administration
Office of Consumer Affairs
Washington, DC 20000

B. Books

1. *Consumer Information Index.* 250 Free or Low-Cost Federal Publications on Consumer Information, Pueblo, Colorado 81009. Also available from social security offices and other government agencies and libraries.

2. Crocker, Betty. *More for Your Money.* New York Western Publishing Company, Inc., 1976 General Mills, Inc. (Bantam Books, #104292).

3. Gordon, Leland J. and Stewart M. Lee. *Economics for Consumers.* New York: American Book Company, 1967.

4. Jelley, Herbert M. and Robert O. Hermann. *The American Consumer - Issues and Decisions.* New York: McGraw-Hill, Inc., 1973.

5. Mowbray, A. Q. *The Thumb on the Scale.* Philadelphia and New York: J. B. Lippincott Company, 1967.

6. Packard, Vance. *The Hidden Persuaders.* New York: Pocket Books, a division of Simon and Schuster, Inc., 1969.

7. Porter, Sylvia. *Money Book*, Vols. I and II. Garden City, New York: Doubleday and Company, Inc., 1975.

8. Price, Ray G., Vernon A. Musselman and J. Curtis Hall. *General Business for Everyday Living*, Teacher Source Book and Key. New York: McGraw-Hill, Inc., 1972.

9. Schoenfeld, David and Arthur A. Natella. *The Consumer and His Dollar.* New York: Oceana Publications, Inc., 1970.

10. Shilt, Bernard A., Kenneth E. Everard and John M. Johns. *Business Principles and Management.* Cincinnati, Ohio: South-Western Publishing Co., 1973.

11. Smith, Ralph Lee. *The Bargain Hucksters.* New York: McGraw-Hill, Inc., 1974.

12. Troelstrup, Arch W. *The Consumer in American Society - Personal and Family Finance.* New York: McGraw-Hill, Inc., 1974.

13. Warmke, Roman F. and Eugene D. Wyllie. *Consumer Economic Problems.* Cincinnati: South-Western Publishing Co., 1977.

C. Booklets

1. *The American Economic System and Your Part In It* (Free)

2. *Budgeting for the Family* (35¢)

3. *Where You Shop Is As Important As What You Buy* (Free)

4. *What About Metrics* ($1.10)

From: Consumer Information
Pueblo, Colorado 81009

5. *A Consumer's Guide to Postal Services and Products.* U. S. Postal Service, 1974 publication.

6. *Guide for the Responsible Consumer.* American Association of University Women, 2401 Virginia Avenue, N. W., Washington, D.C. Single copies - 35¢, 2-10 copies - 30¢, 11-50 copies - 25¢, 51 and over - 20¢. All orders must be prepaid.

   Metric Information Office, National Bureau of Standards, Washington, DC 20034. (Material available on the metric system.)

D. Catalogs

1. *Catalog for Consumer Education.* Changing Times Education Service, Division of Kiplinger Washington Editors, 1729 H Street N. W., Washington, DC 20006.

E. Curriculum guides

1. *Consumer Education Parts I and II.* Home Economics Instructional Materials Center, Texas Technological University of Lubbock, Texas, 1971.

2. *Curriculum Materials in Consumer Education* by Marjorie M. Brown and Sharon M. Strom. Vocational Division, Department of Education, State of Minnesota. St. Paul, Minnesota.

3. *Finance: Personal Finance Education Guide.* Dave Darnell, State Department of Education, Portland, Oregon, 1972.

4. *Personal Finance.* Deedee Stocker Napier, Instructional Materials Laboratory, University of Missouri-Columbia, Department of Practical Arts and Vocational Technical Education, Columbia, Missouri, 1975.

F. Games

1. Consumer Education Word Games: 50 spirit masters

   Order from: Fifty Word Games for Consumers
   Education Classes B2406R-5
   J. Weston Walch, Publisher
   Portland, Maine 04104

   $14 per set

G. Kits

1. *Modern Consumer Education Kit*. Grolier Educational Corporation, 845 Third Avenue, New York, NY 10022. (Cost of 1972 Edition $240.50.) This kit includes: 39 lessons, 27 test units (2 copies each), 12 audio cassettes, 2 filmstrips, 180 record books (30 each of six modules), answer key cards, wall chart and instructor's manual.

2. *Teaching Tools for Consumer Reports*. Education Division, Consumers Union, 256 Washington St., Mt. Vernon, NY 10550. Kit includes magazine copy and instructor's manual with lesson plans. (Free)

H. Magazines

1. *Consumer Bulletin*

2. *Consumer Reports*

3. *Consumer News*

4. *FDA Consumer*

5. *Today's Consumer*. (Gregg/McGraw-Hill), P. O. Box 452, Hightstown, NJ 08520. (Bulk rate $2.95 annually)

I. Resource persons

1. Advertising agency representative

2. Attorney

3. Better Business Bureau representative

4. Car salesperson (or any other salesperson)

5. Retail appliance store owner (to explain brand name warranties, etc.)

J. Transparency masters

Metric System with "Metric Mark" Transparencies by Mark Headrick, Instructional Materials Laboratory, University of Missouri-Columbia, $33.

UNIT NOTES TO THE TEACHER

Near the beginning of each unit of study throughout this guide, you will find this section, UNIT NOTES TO THE TEACHER. It is a place for additional suggestions which we feel will enhance instruction or make your lesson planning easier. The unit notes that follow will contain: suggestions for additional class activities to supplement the assignment sheets, more detailed directions or preassigning tasks that you might want to complete, ideas on certain assignments aimed primarily at a specific student-ability level, or indications of the completion time estimated for certain assignments.

However, we want to stress that these notes are not intended to dictate to a teacher *how* to teach. Rather, they take the approach of suggesting to a teacher how the guide can *help* to teach.

ASSIGNMENT SHEET #4

Throughout this guide, students will be asked to do prepurchase research on various items. To complete these assignments adequately, students will usually need to have access to copies of two magazines: *Consumer Reports* and *Consumer Bulletin*. The activity in Unit I will enable the students to become familiar with these two resources; therefore, it is recommended that you collect copies of these magazines (preferably one copy per student) before handing out the assignment sheet. Often copies are available in other departments of your school (home economics, industrial education) or from school or local libraries.

ASSIGNMENT SHEET #6

If a field trip to a local grocery store or national chain store (Penney's, Sears', Ward's) is not feasible, you could bring several comparable products into the classroom and students could examine them there.

ASSIGNMENT SHEET #9

Group work is recommended for this activity because of the various sources students will check to collect the answer data. The following items will need to be available: newspaper advertisements on washing machines and microwave ovens (both local, area and national), mail-order catalogs (i.e. Sears', Penney's, Ward's) and information on selling prices of these items at freight-damaged centers and factory outlets. (Either write or telephone for the information if your community doesn't have these places.)

ASSIGNMENT SHEET #11

This activity (and Assignment Sheet #7) could probably best be completed if students were able to do the required comparisons and research at a grocery store. An ideal opportunity for a "shopping" field trip! It introduces the important economics theory of supply and demand.

ASSIGNMENT SHEET #13

These cases provide a good basis for discussion and thought-teaser topics like the following: Costs that arise over and above purchase prices--how can a consumer plan for them? What are the pros and cons of impulse buying? How can the Better Business Bureau help customers when they are getting "ripped off"?

ASSIGNMENT SHEET #14

This assignment is basically a "this-or-that" type decision activity. Assume that the choice is between the item actually purchased and all other comparables.

TRANSPARENCY MASTERS TM-I-5 through TM-I-8

These transparency masters give a brief introduction to the metric system and, if time permits, give an opportunity for some consumer math exercises in conversion and review of standard measurements. See reference section for additional metric transparency kits.

ASSIGNMENT SHEET #15

Assignment Sheet #15 is the capstone activity for this unit of study. It encompasses all the wise decision-making and buying techniques contained in the unit. Urge students to retain these forms to use as a basis for research on any purchase they may someday make. So that previous knowledge doesn't interfere with the objectives of this particular learning sequence, it might be wise to suggest that students choose an unfamiliar object (such as sewing machine research for males or stereo equipment for females).

BEFORE YOU BUY
UNIT I

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Allocation of resources--The process of deciding to spend your income on one resource (item) rather than on other alternatives.

B. Economic Law of Supply and Demand--A working principle which states that when there is more consumer demand for a particular service or product, a greater available supply of the product will exist. Often the highly demanded product will be priced higher because consumers will be willing to pay the extra amount in order to obtain the product.

C. In-house brand--A store or company line of products which are made by major manufacturers but carry a private brand name rather than the nationally advertised brand name. In-house (or store) brands are usually lower in selling price because they do not have to support national advertising costs.

D. Liter--The basic measuring unit for volume in the metric system.

E. Meter--The basic measuring unit for length in the metric system.

F. Rebate--The money returned from the purchase price of a good or service. Rebates have a sales promotional purpose.

G. Wholesaler--A merchandising middleman who sells primarily to other wholesalers or retailers and not to ultimate customers.

II. Suggestions for wise prepurchase research

Assign. #1
TM-I-1
Assign. #2

Related Materials

A. Consider new vs. used products — Assign. #3

    1. Advantages
    2. Disadvantages

B. Study consumer buying guides — Assign. #4

C. Investigate product performance ratings

D. Telephone for preshopping information

E. Check mail-order catalogs

F. Personally inspect goods before buying

G. Check product safety features — TM-I-2

    1. Underwriter's laboratory seal
    2. Flame resistant materials
    3. Label use - cautions or warnings
    4. Printed poison antidotes
    5. Directions for allergic reaction care

III. Considerations in comparative shopping

A. Previous product research

B. Differences in where you shop — Assign. #5

    1. National chain stores
    2. Department stores

3. Discount stores

    4. Specialty shops
    5. Neighborhood convenience stores
    6. Freight-damaged centers
    7. Catalog houses
    8. Wholesale warehouses

C. National brands vs. private in-house brands — Assign. #6

INFORMATION SHEET

	Related Materials
D. National advertising and local ads	
E. Who will install the product?	
1. Reputable store service department	TM-I-3
2. Factory authorized maintenance center	
3. Self-installation with complete directions	
F. Seller delivery	
1. Is it available?	
2. What will it cost?	
G. Packaging and labeling	Assign. #7
1. Is it informative?	
a. Content ingredients listed	
b. Exact content measurement	
2. What is the grade standard?	TM-I-4
3. What system of measurement is used?	TM-I-5, 6, 7, 8
a. Metrics	
b. Computed price per ounce	TM-I-9
H. Price	
I. Warranties and guarantees	TM-I-10
1. Limitations on coverage	Assign. #8
2. Registration	
J. Required maintenance	
IV. Pricing policy economics	Assign. #9
A. Is it competitive?	
1. Economic Law of Supply and Demand	
2. Local competition	
B. Are there available comparisons?	

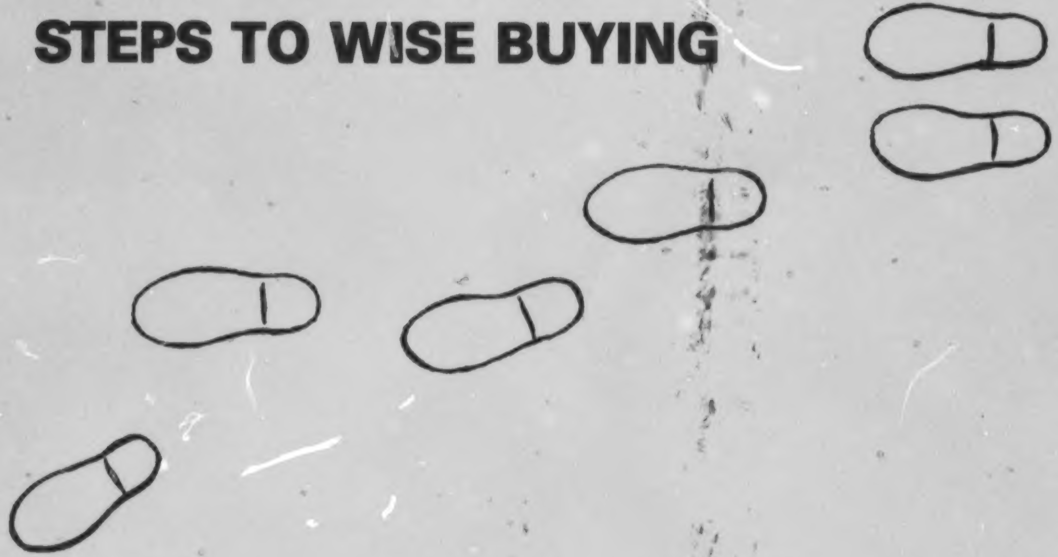
	Related Materials
C. Can it be discounted?	
D. Factors in setting price	
V. Deceptive sales techniques	TM-I-11
A. Alluring advertising	TM-I-12
1. Bait and switch technique	
2. False discounts and sales	TM-I-13
3. Unreasonable promises	
4. Hidden prices	TM-I-14
B. Item substitution	Assign. #10
C. Unreliable company solicitation	
D. Reconditioned products	
E. Deceptive packaging and labeling	
VI. Steps in making a purchase decision	
A. Budget income for purchases	
1. Allocation of resources	TM-I-15
2. Proportion spent on food, shelter and clothing	
B. Eliminate obvious undesirables	Assign. #11
1. Poor quality products	
2. Inflated prices	
3. Impulse purchases	Assign. #12
C. Choose from several comparables	Assign. #13
1. Weigh price differences	Assign. #14
2. Distinguish between brands	
D. Take advantage of bargains	
1. Promotional coupon discounts	

INFORMATION SHEET

	Related Materials
2. Product samples	
3. Rebates	
4. Clearance sales	
5. Fire and water damage sales	
6. Seasonal discounting	TM-I-16
E. Check for inspection evidence	
F. Read manufacturer's testing report	Assign. #15

TM-1-1

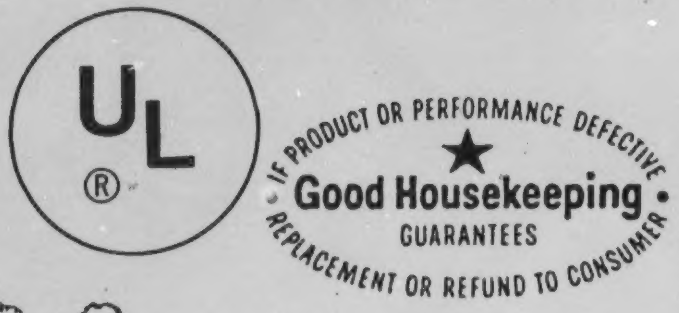
STEPS TO WISE BUYING



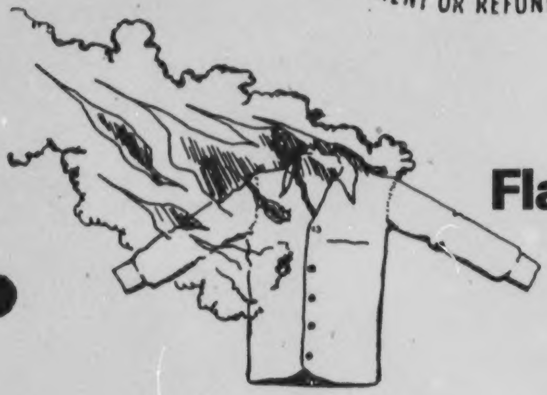
- Study buying guides
- Telephone first for information
- Check different businesses
- Check product safety
- Ask questions
- Personally inspect before paying

TM-1-2

PRODUCT SAFETY


UL
®
IF PRODUCT OR PERFORMANCE DEFECTIVE
Good Housekeeping
GUARANTEES
REPLACEMENT OR REFUND TO CONSUMER

Seals

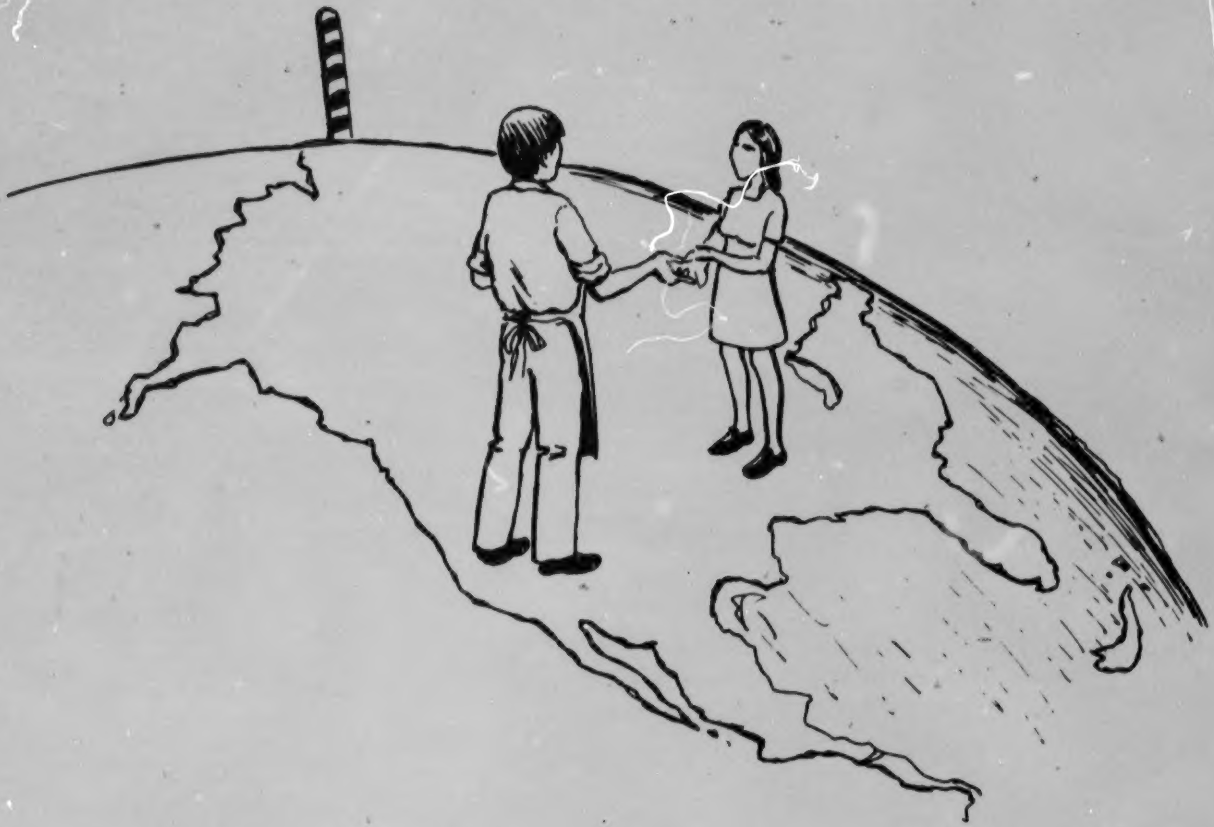


Flame Resistance

Label Cautions

Poison Antidotes

"INTANGIBLES" OF BUYING



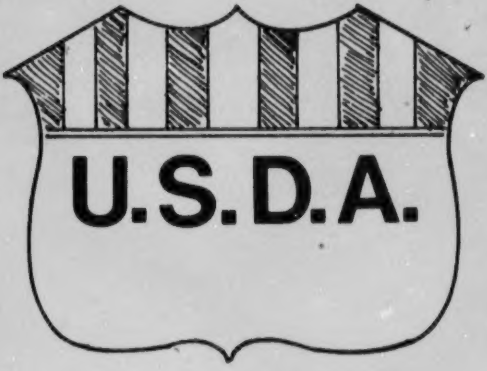
Support American Manufacturing

Buy From Your Hometown

Dealers Goodwill or Friendship

WHAT IS GRADE?

Different Quality - Same Food Value



PRIME

CHOICE

GOOD

STANDARD

COMMERCIAL

AA, A, OR B

WHY METRICS?

1. SI provides for an International Standard of Measurement.
2. SI is a coherent system based on seven base units.
3. The units which describe the quantities remain the same. No longer is it necessary to memorize the number of ounces in a pound, inches in a foot, etc.
4. The names of units, regardless of technology, remain the same.
5. SI is a decimal system based on the powers of 10, as in our present monetary system.
6. All basic SI units, with the exception of the kilogram, are based on a natural phenomenon which can be duplicated under laboratory conditions.

FOR EACH POWER OF 10, AN SI PREFIX IS APPLIED. THE MOST COMMON ONES ARE

KILO = THOUSANDS
HECTO = HUNDREDS
DEKA = TENS
= BASE UNIT
DECI = TENTHS
CENTI = HUNDREDTHS
MILLI = THOUSANDTHS

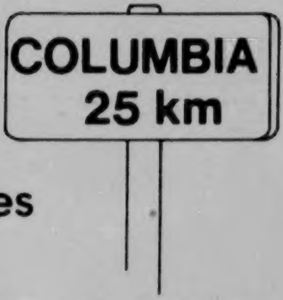
METRIC UNITS OF LENGTH

LENGTH . . . BASE UNIT . . . METER (m)

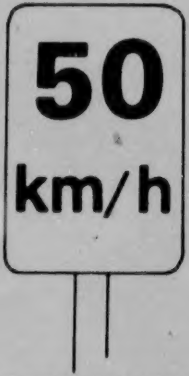
UNITS

USAGE

1 kilometer (km)
1000 meters
approximately .6 miles

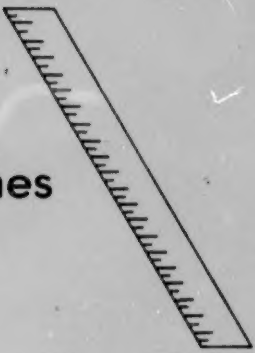


DISTANCES



SPEED LIMITS

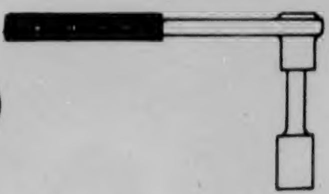
1 centimeter (cm)
0.01 meter
approximately .4 inches



30 cm RULER

CLOTHING SIZES

1 millimeter (mm)
0.001 meter
approximately
.04 inches



TOOLING SIZES

USAF
ass 9-12

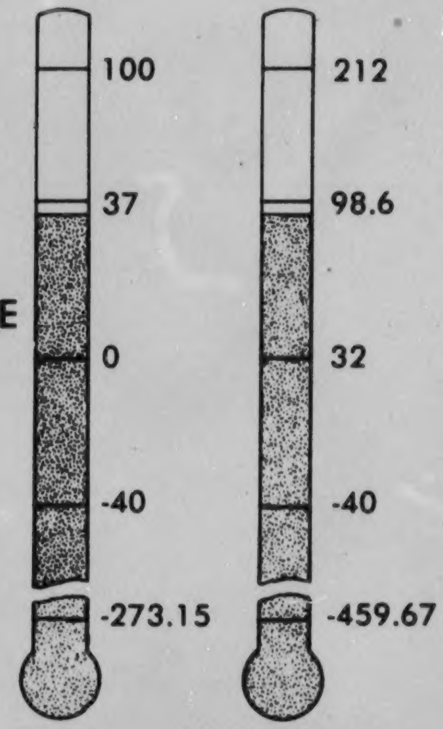
ENGINEERING DESIGN

CELSIUS TEMPERATURE

Prefixes are not commonly used with temperature measurements as they are with those for weight, length and volume. Temperatures in degrees Celsius, as in the familiar Fahrenheit system, can only be learned through experience.

The following may help to orient you with regard to temperatures you might normally encounter.

-23° C	FROZEN FOOD STORAGE (-10° F)
0° C	FREEZING POINT OF WATER (32° F)
7° C	MAXIMUM REFRIGERATOR STORAGE TEMPERATURE (45° F)
22° C	NORMAL ROOM TEMPERATURE (72° F)
37° C	NORMAL BODY TEMPERATURE (98.6 F)
85° C	AUTOMOBILE OPERATING TEMPERATURE (185° F)
100° C	BOILING POINT OF WATER (212° F)



CELSIUS SCALE C.

FAHRENHEIT SCALE F.

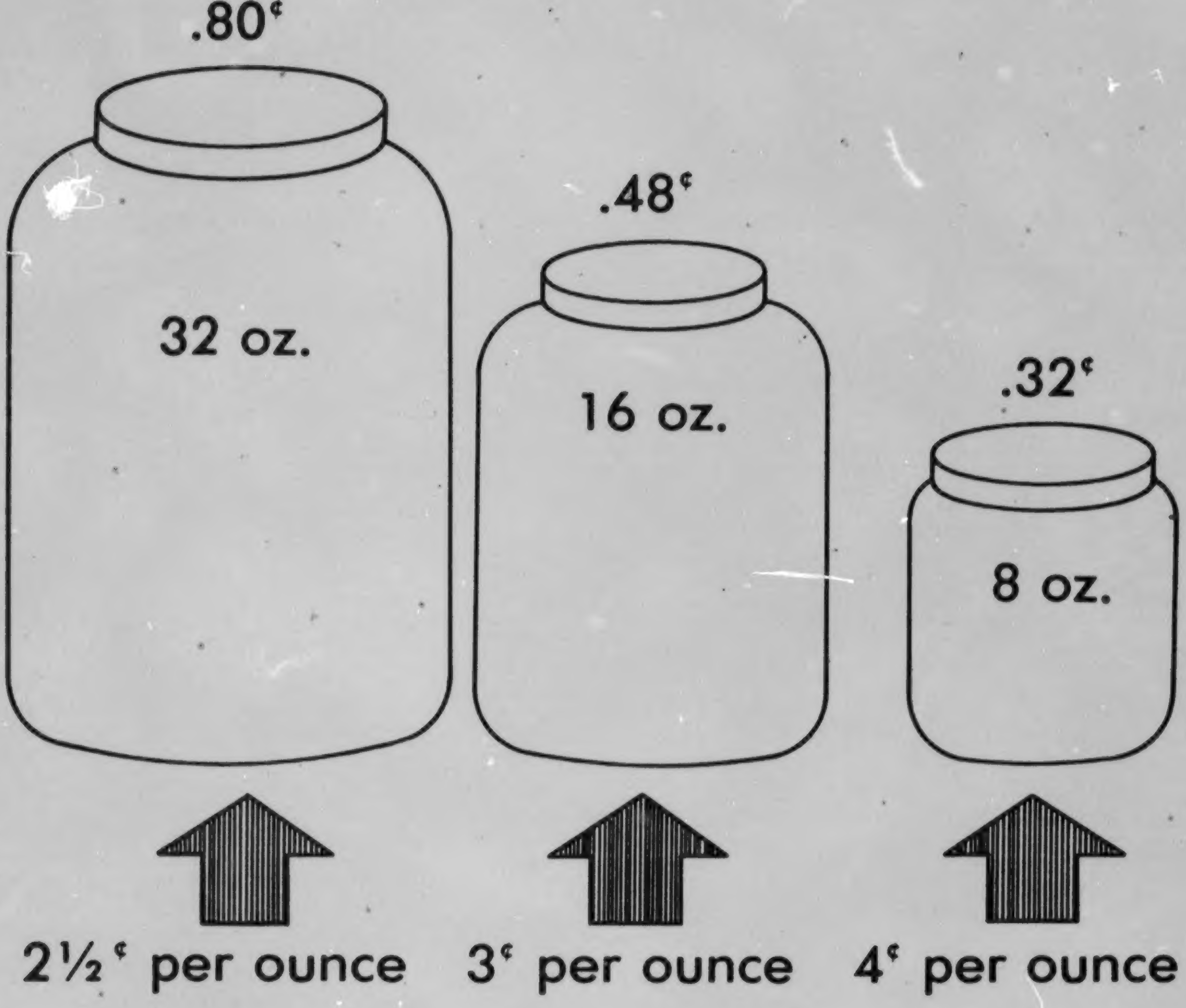
$$\text{temp. C} = \frac{\text{temp. F} - 32}{1.8}$$

$$\text{temp. F} = 1.8\,(\text{temp. C}) + 32$$

TM-I-9

FOR LOWEST COST PER SERVING - -

THINK BIG!


.80¢
32 oz.
.48¢
16 oz.
.32¢
8 oz.
2½¢ per ounce
3¢ per ounce
4¢ per ounce

36

GUARANTEE REGISTRY CARD

DATE ______________

When card is filled out and mailed within ten days of purchase, McDaniels, Inc., hereby warrants this product to be free from all defects in workmanship and material for a period of one year and will repair any such defects free of charge if unit is returned via prepaid parcel post insured to McDaniels, Inc., 1760 Fuller Road, Cincinnati, Ohio 10657 within that period.

Gentlemen:

On ____________ I purchased McDaniel product/Model ______________

____

Dealer from whom I purchased product

____

Dealer's Street Address City State Zip Code

NAME ________________________________

Please Print Plainly

ADDRESS ________________________________

CITY ______________ STATE ____________ ZIP CODE __________

GUARANTEE VOID IF CARD NOT RETURNED WITHIN TEN DAYS

TM-1-10

TM-I-11

BUYERS BEWARE

Bait and Switch

Item Substitution

Unreliable Solicitation

Unreasonable Promises

Reconditioned Products

Hidden Prices

Deceptive Labels

TM-I-12

ALAS - ADVERTISING DOES AFFECT THE CONSUMER

SUPERMAN

I drive my car to supermarket,
   The way I take is superhigh,
A superlot is where I park it,
   And Super Suds are what I buy.

Supersalesmen sell me tonic-
   Super-Tone-O, for Relief.
The planes I ride are supersonic.
   In trains, I like the Super Chief.

Supercilious men and women
   Call me superficial - me,
Who so superbly learned to swim in
   Supercolossality.

Superphosphate-fed foods feed me:
   Superservice keeps me new
Who would dare to supersede me,
   Super-super-superwho?

by John Updike

THE CARPENTERED HEN AND OTHER TAME CREATURES
1953, Harper and Row, Publishers, Inc.
Used by permission

PRICE GIMMICKS

1. *Sale! Reduced to $9.99!* (Former price was $10.00)

2. *FREE Glass With Each Soda!* (Regular 10¢ Soda sells for $2.50)

3. *Save On Jeans! WERE $20.00 NOW $15.90!* (Actual original price was $16.00)

4. *Bargain! Buy 3 for $1.00 and get one free!* (Regular price was 25¢ each)

5. Giant 1¢ Sale / Buy First pair for $25.00 and get second for 1¢ (Separately for $10.00 a pair)

Some Examples of "Bargain" Offers

1. DISCOUNT FOOD PLAN

What are the real savings?

Our six-month food bill:

Shoppers' City	$552.88
Great Northern Food Distributors, Inc.	506.54
Saved with Great Northern	46.34

BUT . . .

If you cannot pay this bill at once, the finance charge on Great Northern's food order	38.96
Leaving six-month food savings of	7.38

ALSO . . .

Don't forget the initial fee	379.00
And the finance charge on that	28.40
Totaling	$407.40

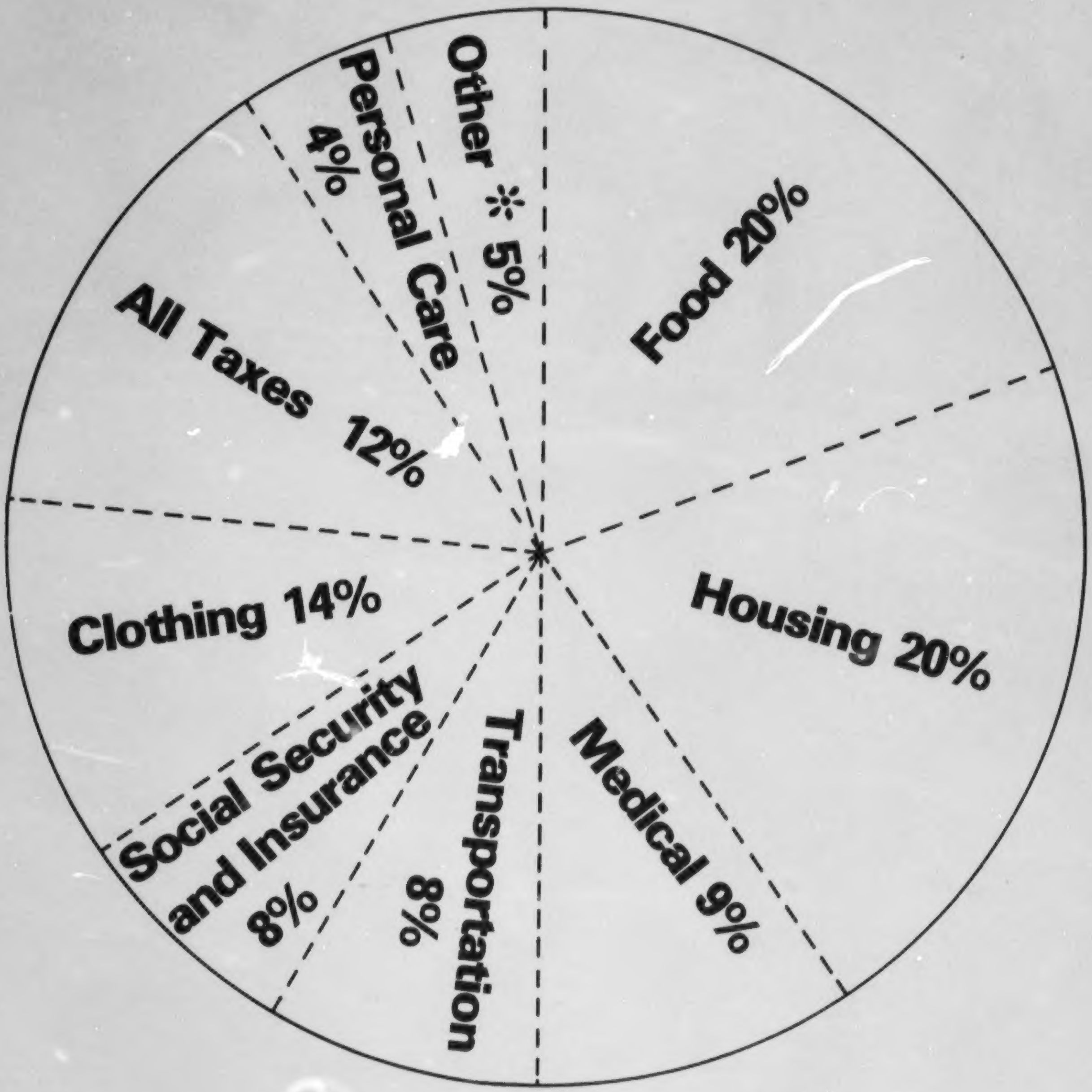
SO . . .

At $7.38 saved on our food order each six months, or $14.76 a year, to recover that $407.40 initial fee from savings would take more than . . 27 years.

A salesperson from Great Northern Food Distributors, Inc., claimed that a family of six could save $832.00 per year on their grocery bill. In this case does the word "discount" stand for the lowest prices?

Source: *The Minneapolis Star*, Monday, March 20, 1972, p. 3A.
Reprinted by permission of *The Minneapolis Star*.

COMMON ALLOCATION OF RESOURCES



* (entertainment, recreation)

SHOPPER'S SALE CALENDAR

If You Want	Buy It On Sale During
linens appliances bicycles books stereo equipment	JANUARY
air conditioners used cars curtains men's shirts silverware	FEBRUARY
televisions linens lingerie	MAY
radios refrigerators sports equipment shoes	JULY
tires towels hardware	AUGUST

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #1: SCRAMBLED LETTERS

Directions: There are eleven (11) words that deal with buying decisions scrambled in the exercise below. They may be found vertically, horizontally, or diagonally. Circle them as you find them. (Note: Sometimes the circles may overlap.)

D A R F C M K E J L Q
B U A T R G L U V X W
F N Z M D A I N D E X
N L C O N S U M E R I
L I Z T I X O D Y L H
B M O N E Y O R T E T
N I B U D G E T B Z L
S T U W O M N R U I X
T E S N L T A B Y U D
S D I H L T Z B I R L
B W N B A K I L N L Y
L A E R R A L X G T I
T N S A L E A N L B C
T T S F D G M A H J N
Y S C L E A R A N C E

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #2: PREPURCHASE PROCEDURES

Directions: Suzy Evans has been saving her earnings from babysitting for the past year. She has saved a total of $200 and would like to use it to purchase a small, personal-size television for her bedroom.

Assume Suzy lives in your community. List below the things you suggest she should do (prepurchase research procedures) before she actually buys a television. Be specific in your instructions, using actual store, magazine or catalog names from your locality where useful.

What purchase benefits will Suzy receive if she follows your suggestions?

Suggestions for careful purchasing:

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #3: NEW vs. USED--WHAT DO YOU THINK?

CASE STUDY - John Rollings

John was a perpetual bargain hunter. It was a hobby of his to spend hours attending garage sales, auctions and flea markets swapping or buying used merchandise. He also read the local newspaper for ads listing used items for sale. In fact, he recently purchased a used AM/FM radio from a newspaper advertisement. He called the seller, drove out to the seller's home to inspect the radio and bought it right then and there. The next day at work he exclaimed to one and all what a bargain he got.

CASE STUDY - Tom Allen

Tom is a cautious, careful man. His wife's birthday is approaching and he has been considering buying her an AM/FM radio for a present. He sees on television that the local discount department store carries one model AM/FM radio. Tom decides to buy a radio there because *Consumer Reports* recently rated the model "excellent" and goes to the discount department store to buy it.

On Monday, however, he hears John Rollings talking about his purchase and wonders if he was too quick at buying the radio and if he really got a "good deal" after all.

* * * * *

Directions: React to the above two case studies by answering the following questions:

1. What advantages did John have by purchasing a used radio?

2. What general pitfalls may there be when buying a used product?

3. What disadvantages did Tom have by purchasing a new radio?

4. Which person, in your opinion, probably made the best purchase? Why?

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #4: RESEARCHING WITH CONSUMER MAGAZINES

Directions: Your teacher will distribute to you copies of buyers' informational magazines, such as *Consumer Reports* or *Consumer Bulletin*. Using these magazines as references, answer the following questions:

1. Where can a person obtain copies of the magazines? ________
____

2. If subscriptions are available, what is the annual rate?
____

3. What are the regular features or articles that appear in most issues? ______________________________________
____

4. Does the magazine contain the following:

4. Does the magazine contain the following:	YES	NO
a. Table of contents	___	___
b. Topical index	___	___
c. Statement of philosophy	___	___
d. Explanation of research/ratings	___	___
e. Listings of additional information	___	___
f. Explanatory illustrations	___	___
g. Advertising	___	___

5. What kind of group publishes the magazine? ________________
____

6. Pick an article in the magazine that "rates" a product's performance. Study the article. Then answer these questions:

   a. What article and magazine (volume number and date) did you choose? ________________________________
   ____

b. Which brand or product type received the highest rating?

____

____

c. What general recommendations did the article make about the performance of the products examined? __________

____

d. Which received the lowest rating? ________________

____

e. If you are considering the purchase of a product of this type, which brand product would you buy? Why? Be specific. ________________________________

____

____

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #5: WHERE YOU BUY--WHO AM I?

Directions: The statements below reflect major advantages or disadvantages of various types of retail businesses. From the list that follows, decide which type of retail business the statement is describing and write your choice in the space provided after each statement.

National chain store
Department store
Discount store
Specialty shop
Neighborhood convenience store
Freight-damaged center
Catalog house
Wholesale warehouse
Factory outlet

1. Although my product shelf prices are usually higher, I operate under longer hours and am located in several places throughout the area so I am more available to customers. Who am I? ______________________________
2. My prices are competitive with manufacturer suggested listings, and my main attraction is that the customer is able to buy many different items in various sections all under one roof (such as men's suits, children's shoes, bedding, lamps, etc.). Who am I? ______________________________
3. No matter where you move, if one of me is found in the community, you can expect the same brand items, same service and same credit privileges. Who am I? ______________________________
4. I am small in size and often more expensive in my pricing, but I offer personal service and very selective products to a narrow segment of clientele. Who am I? ______________________________
5. Because I am large in size and can buy in product volume, I have the advantage of being able to buy at lower prices and pass the savings on to my customers through marked-down prices and sales. Who am I? ______________________________
6. Sometimes in shipping, merchandise is damaged in some way. When this happens, retailers sell the merchandise to me and I am able to resell it to customers at a reduced rate. Usually the harm done to the product does not mar its operating use--only its beauty. Who am I? ______________________________

7. I don't have a fancy sales showroom and the majority of my business is not done with the customer. But if you don't mind the inconvenience in shopper-customer services, you can save money by purchasing items from me. Who am I? ________

____

8. Sometimes when a product is being manufactured, a mistake is made which causes a slight imperfection. These "seconds" (goods that don't have first-rate quality) are sold at a discount to businesses like me. I pass the purchase savings on to you in lower selling prices. Who am I? ______________

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #6: NATIONAL vs. IN-HOUSE BRANDS

Directions: Your task is to select two items that are available in both national and in-house (or store) brands. Complete the report form below, then answer the questions that follow:

PRODUCT 1: ___________________________

Brands	Item	Size	Unit Price	Quality Standards
National Brand				
In-House Brand				

PRODUCT 2: ___________________________

Brands	Item	Size	Unit Price	Quality Standards
National Brand				
In-House Brand				

1. In general, which product (national or in-house) has the lower price?

2. Why do you think this is so?

3. What evidence of quality standards did you find?

4. Is quality comparable between the national and the in-house brands?

5. Why would a consumer want to pay more for a national brand? Be specific and list reasons.

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #7: PACKAGING AND LABELING INVESTIGATION

Directions: Examine the containers and labels on *several brands* of at least *two* products listed below:

- adhesive bandage
- all-purpose cleaning liquid
- bandages
- candies
- canned chicken or beef stew
- canned fruit
- canned tuna
- potato chips
- crackers
- detergents
- dry cereals
- gelatin
- olives
- pancake mixes
- peanut butter
- soda
- scouring powders
- spaghetti, noodles, rice
- spices
- toothpaste

1. What impresses you most about the containers?

2. Net weight of contents

    a. Note location and size of print.

    b. Compute price/oz. for one size of the different brands.

3. The number of sizes and shapes of containers from which to choose

4. Location and size of print of declared contents

5. Terms used to describe sizes of a brand

    *a. Compute price/oz. for *each* size of one brand.

    b. Is the economy size the cheapest?

    c. Compare the net weight of the *large* size on *several brands*.

6. List the declared contents in the order stated on the label of *several brands* of *one* product. By law manufacturers must list ingredients in descending order.

   a. Is there a difference as to which ingredient is listed first (the largest amount)?

   b. How many chemical additives are listed? Name them.

*The star indicates need for computation instructions needed to answer the questions. They are as follows:

1. Convert quantity into total ozs.

2. Convert multiple price/pkg. (if any) or price per total oz.

3. Divide price by quantity to get price/oz.

4. Convert price/oz. to price/lb. or pt.

5. Repeat for several brands or as instructed in activity.

Source: *Consumer Education*, Minnesota Department of Education, Problem VIID, II, Item 19, p. 976. Used with permission.

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #8: ANALYSIS OF A WARRANTY

Directions: Read the warranty and answer the following questions using information you obtain from it.

1. What is the name and address of the company issuing the warranty?
2. What product is guaranteed?
3. What is the time limit on the warranty?
4. Does the warranty cover repair parts, labor charges, or both?
5. Must you register the purchase to be covered by this warranty?
6. Are there special limits or conditions on coverage described in the warranty? If so, what are they?

Source: *Personal Finance* by Deedee Napier, Instructional Materials Laboratory, University of Missouri-Columbia, 1975.

WARRANTY

CAPITAL ELECTRIC COMPANY

AUTOMATIC DISHWASHER

If your new Capital Dishwasher fails because of a manufacturing defect within one year from the date of original purchase, Capital Electric will repair the product at no charge to you. Both parts and service labor are included.

This warranty is yours as the purchaser for your home use and is for products purchased and retained within the fifty states of the U. S. A. and the District of Columbia. Of course, it does not cover damage by accident or misuse. Service will be provided by our factory organization or by our authorized service organization in your area. All you need do is look us up in the yellow pages; we are nearby.

CAPITAL ELECTRIC
KITCHEN APPLIANCE AND HOME LAUNDRY DIVISION
DISHWASHER AND DISPOSAL DEPARTMENT
INDUSTRIAL PARK, ST LOUIS, MO 63021

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #9: SAME THING--DIFFERENT PRICE

Directions: You will be divided into groups for this research project. Using magazine advertisements, newspapers, catalogs and telephone inquiries, your group will find the answer to one or both of the following problems:

PROBLEM I

If you wanted to buy a store brand washing machine that one of the larger chain stores carries (such as the in-house brands found at Penney's, Sears', Montgomery Ward's, K-Mart's, Woolco's, etc.) what price would you expect to pay if you:

1. Bought the washing machine at the store on a nonsale day?

   $__________________________ to $___________________.

2. Bought the washing machine at the store on sale?

   $__________________________ to $___________________.

3. Bought the same brand (used) from a previous owner?

   $__________________________ to $___________________.

4. Purchased the machine from the store's catalog and paid freight charges?

   $__________________________ to $___________________.

PROBLEM II

You want to buy a middle-of-the-line microwave oven but you're not concerned about what brand name is on the item. At which place would you generally find the lower price?

Retailer	Price Range - Middle Model
1. National chain store (in-house brand)	$____________ to $____________
2. Department store	$____________ to $____________

Retailer	Price Range - Middle Model
3. Discount store	$__________ to $__________
4. Freight-damaged center	$__________ to $__________
5. Catalog (i.e. Penney's, Sears', Ward's)	$__________ to $__________
6. Factory outlet	$__________ to $__________

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #10: IDENTIFYING "AD AND BUY" TECHNIQUES

Directions: Read each advertising technique description given below. Then, in the blank to the left of each description, identify which technique of advertising is being used by selecting a type from the following and writing its letter in the space.

A. Unreasonable or vague promises
B. Unreliable company solicitation
C. Bait and switch
D. False discounts or sales
E. Item substitution
F. Hidden prices

____ 1. Charlie Consumer sees an ad in the newspaper for a washing machine selling for a low price of $200. However, once he goes to the store to buy the $200 machine, the salesclerk persuades him to buy the next model style washer selling at $300 because of the additional features the "lowly" $200 machine doesn't contain.

____ 2. Item "X" is advertised on sale; but upon arriving at the store, the buyer finds that Item "Z" is the product actually on sale.

____ 3. A salesman knocks at your door; and when you answer the call, he quickly launches into a forceful, abrasive sales talk and never shows proper company identification cards.

____ 4. A manufacturer pretickets a suggested selling price of a pair of jeans at $20 at the request of the retailer. The actual retail list price is $14, but the retailer crosses out the $20 ticket price and replaces it with a $16 "sale" price.

____ 5. Storm window sets are advertised as selling for $20, complete with factory authorized installation. Mrs. Alice Average contracts to buy five sets for $100 only to find out that the seller is the only factory authorized installer and will charge an additional $15 per set, making the actual price $35, or five sets for $175.

____ 6. A salesperson selling wrinkle cream declares that after the customer uses only two jars of the cream he or she will look fifteen years younger.

61

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #11: INFLUENCES FROM CONSUMER DEMAND

Directions: If a lot of consumers are wanting to buy a certain product, what will happen to the price? To the quality? To the supply available for sale?

To find the answers to these questions, complete the comparison chart on the back of this page and then summarize your findings in the space below.

1. I found that high consumer demand for a product has the following effects:

2. If I want to buy a high demand product, I can expect to pay a ____________ price for ____________ quality and have ____________ difficulty finding the product for sale.

62

COMPARISON OF QUALITY AND PRICE OF PRODUCTS IN GREAT DEMAND AND PRODUCTS IN LESS DEMAND

	Items in Popular Demand				Items in Less Popular Demand but Similar Quality			
Product	Item	Quality	Price	Availability	Item	Quality	Price	Availability
1. Television	Color set				black/white set			
2. Meat	T-bone steak				liver			
3. Beverage	Cola soft drink				iced tea			
4. Automobile (choose any make and model)	New model				the previous model still on hand			

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #12: CASE STUDY--POOR PURCHASE DECISIONS

Directions: Assume that you are a "Decision Analyst." The following case history has been handed to you for analysis. Read the history and then:

1. List the causes of the poor decision.

2. Give recommendations on how the "patient" might improve the situation.

* * * * *

CASE HISTORY--Danny

Danny graduated from high school last June and has a fairly good-paying job at the local bakery. Danny lives with his parents and wants to attend a technical trade school next fall.

Danny's one downfall is automobiles. He loves them -especially the big, new flashy ones. He hates riding the bus to work and dreams of having his own "wheels."

One night, while Danny was at the local "cola and burger" hang-out, he saw one of his old high schools friends, Joe Cool. Joe was sitting in a shiny red convertible. Danny instantly fell in love with the car and begged Joe to sell it to him. When Joe saw how much Danny wanted the car, he decided to play "hard to get" and sound uninterested. But Joe melted when Danny offered him $6,000 for the car. Joe quickly handed Danny the car keys and kept silent about the car's running condition as Danny wrote Joe a personal check for $6,000. This amount completely drained his checking account. (It would have drained his savings account too--if he had had one!)

The next morning, when Danny hopped into his gorgeous shiny convertible to drive to work, the engine literally dropped out the bottom of the car!

Of course, Joe Cool was nowhere to be found. What added to Danny's misery was the fact that it would take Danny another six months to save enough again to pay for the expenses of technical school.

In desperation, Danny turns to a "Decision Analyst."

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #13: CASE STUDIES--COMPARING PURCHASE COSTS

Directions: Read the cases below and respond to the questions after each.

CASE 1:

The Smiths bought a washing machine for $225. During the first two years they owned the machine, they spent $50 for repairs and service calls.

The Johnsons also bought a washing machine. Before purchasing, however, they checked consumer testing records (such as *Consumer Bulletin* and *Consumer Reports*) and found which brands and models had been found to be most durable and efficient. They bought a different model than the Smiths bought but they also paid $225. After two years use, they have had no repairs or service calls.

Which family saved more money? Why?

CASE 2:

Sid Jackson bought a second-hand car for $300. Before buying he studied reports about what to look for in second-hand cars and in certain models. He talked with his uncle who was an auto mechanic and got helpful advice there. At the end of one year he had costs of $15 for replacement of spark plugs and fanbelt.

Tom Merton bought a used car at $250. His purchase was on a Friday afternoon when he and his friends wanted transportation for the weekend. The car looked good and the salesman was persuasive so Tom bought the car on the spot. A year later he found that he had spent $120 in replacement of worn parts. Further, the car was standing unused until it could have an overhaul, which would cost another $75.

Which boy increased his purchasing power more? How?

66

CASE 3:

The Jones family bought a TV set from a door-to-door salesperson for $250. When the set was delivered, it operated only two days and then they could no longer get a picture. When they tried to call the telephone number listed on the salesperson's card, they found there was no such number. No one knew how to reach the salesperson. The Joneses called in a TV repairer, who told them they had bought a used set and the picture tube would have to be replaced at a cost of $90.

The Clay family bought their television set at a reputable television store which had been in business for several years. They paid $225 for the set and have had no repairs after a year's use.

What agency should the Joneses have contacted *before* buying?

Source: *Consumer Education*, Minnesota Department of Education, Problem I, S-I, Item 6, p. 30. Used with permission.

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #14: IDENTIFYING WISE BUYING DECISIONS

Directions: Read each statement below and indicate with an "X" whether, in your opinion, it was a wise or an unwise purchase decision.

	PROBABLY WISE	PROBABLY UNWISE
1. Buying one particular automobile when the prices for the same model somewhere else may vary as much as $1,050.		
2. Buying one type insurance policy when the price may vary as much as $150 per year between companies.		
3. Buying one brand of milk when the prices may vary as much as two cents between brands and you have to make a longer trip to get the lower-priced brand.		
4. Buying an electric extension cord at one store when the prices vary as much as 15 cents less at the other end of the block.		
5. Shopping around at different stores for groceries each week if you have a moderate income and have to do the shopping after a day's work.		
6. Buying a vacuum cleaner when prices vary $7 and you are wealthy.		
7. Buying an air conditioner in the middle of winter because it was on sale.		

	PROBABLY WISE	PROBABLY UNWISE
8. Buying gasoline for a year when the price per gallon may vary as much as 3 cents and you have to drive no further to make the purchase.		
9. Buying household appliances from the corner hardware store when the number of stores in town selling the appliance is large.		
10. Buying telephone service or electric service.		
11. Buying medicines when the price is fixed or standardized.		
12. Buying a particular set of encyclopedia because the salesperson was persuasive.		
13. Buying the bicycle type and brand rated highest in *Consumer Reports*.		
14. Buying household linens or "white goods" as a Christmas gift for yourself when the January white sales are near.		

Name ______________________________

BEFORE YOU BUY
UNIT I

ASSIGNMENT SHEET #15: PREPURCHASE RESEARCH FORMS

Directions: You are going to investigate a product that we will assume you want to buy. Before you buy the item, you will need to gather certain information in order to purchase the best product possible for the least amount of money.

Decide on the available sources you can go to or use to obtain product information and then complete the following research forms on your product.

1. Item under investigation:
2. General sources of information:
3. Places where the product is available in my area (be specific):
4. Will the product need installation?
5. Will it need to be delivered?
6. If the cost of the item is large, what are the sources of local credit available?
7. Is there a general month of the year that this item goes on sale? If so, what month?
8. For what standards of quality or specifications am I going to look?

Information (data) collected on:

Stores where available	Variations or models available	Price of each variation or model	Guarantees Offered		
			What it covers	Length of time	Features affecting quality
1.					
2.					
3.					
4.					

Assignment Sheet #15 continued

Name of Store: Name of Student: Date:

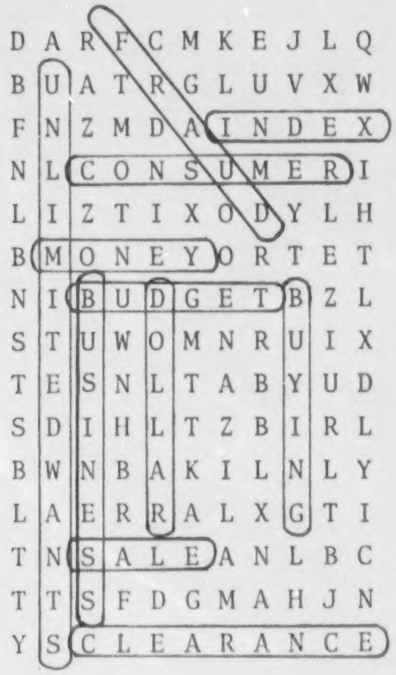
		Price		Guarantee Offered		Characteristics of Product	
Brand Name	Model or Type	List	Discount	What is Covered	Length of Time	Good	Bad

*Use separate form for each store.

BEFORE YOU BUY
UNIT I

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1



D	A	R	F	C	M	K	E	J	L	Q
B	U	A	T	R	G	L	U	V	X	W
F	N	Z	M	D	A	I	N	D	E	X
N	L	C	O	N	S	U	M	E	R	I
L	I	Z	T	I	X	O	D	Y	L	H
B	M	O	N	E	Y	O	R	T	E	T
N	I	B	U	D	G	E	T	B	Z	L
S	T	U	W	O	M	N	R	U	I	X
T	E	S	N	L	T	A	B	Y	U	D
S	D	I	H	L	T	Z	B	I	R	L
B	W	N	B	A	K	I	L	N	L	Y
L	A	E	R	R	A	L	X	G	T	I
T	N	S	A	L	E	A	N	L	B	C
T	T	S	F	D	G	M	A	H	J	N
Y	S	C	L	E	A	R	A	N	C	E

ASSIGNMENT SHEET #2--(Recommended procedure answers)

1. Decide whether to buy a new or used television (check local advertising or trading newspapers for availability and general pricing of used personal-size televisions).

2. Check general pricing of new and used televisions in black/white and color sets. Decide if Suzy wants and has enough money for a color television purchase. (If she doesn't have enough cash saved but wants a color set, what other financing options are available?)

3. Study *Consumer Guide* and *Consumer Bulletin* magazines for current performance rating reports on various brands of personal-size televisions.

4. Find out which area television retail dealers carry the top-rated brands. (List local merchants.)

ASSIGNMENT SHEET #2 continued

5. Check mail-order catalogs (Penney's, Sears', Montgomery Ward, Radio Shack, etc.) for brand, model and price comparisons. (What would shipping charges to your area total?)

6. Personally inspect televisions in area stores before buying (such as the Good Housekeeping or Underwriter's Laboratory seal, label tag cautions or warnings on electrical use, etc.).

If Suzy follows these steps, it is more certain that she will make a wise purchase and buy a good quality television with high performance efficiency, at a competitive cost.

ASSIGNMENT SHEET #3--(Suggestions for answers)

1. Generally lower price, often an opportunity to bargain even lower, more personal buyer-seller relationships, sometimes less strict shopping hours.

2. Unverified performance history, unverified length of use, no warranty or repair contract.

3. Untested performance, higher cost, reception differences, impersonal buyer-seller relations, etc.

4. Generally, new products are "worth" their extra cost because of better product dependability for future performance.

ASSIGNMENT SHEET #4

1. Libraries, newsstands, subscription mail

2.

Consumer Reports	$12.00 for 12 issues
Consumer Bulletin	$ 9.00 for 12 issues (1977)

3. *Consumer Reports:* "Letters," "Memos to Members," "Once Over," "Followup," "Movies."

   Consumer Bulletin: "Tips for the Consumer," "Letters from CB's Readers," "Consumers' Observation Post," "Current Motion Pictures," "Recorded Music in Review."

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #4 continued

4.

Consumer Report	YES	No	*Consumer Bulletin*	YES	NO
a.	x		a.	x	
b.	x		b.	x	
c.	x		c.	x	
d.	x		d.	x	
e.	x		e.		x
f.	x		f.	x	
g.		x	g.		x

5. Answered to the instructor's satisfaction.

6. a through e--answered to the instructor's satisfaction.

ASSIGNMENT SHEET #5

1. Neighborhood convenience store
2. Department store
3. National chain store
4. Specialty shop
5. Discount store
6. Freight-damaged center
7. Wholesale warehouse
8. Factory outlet

ASSIGNMENT SHEET #6

1. In-house brands are lower in price.

2. Less advertising cost; and the in-house brand retailers often sign large quantity contracts with manufacturers, which contain a set, lower price.

3. Food, for example, contains grade standards as a basis for quality comparison. Wear-dated labels on clothing and fabrics would be another indicator of quality.

4. Yes--research has found no significant differences.

ASSIGNMENT SHEET #6 continued

5. There is more consumer demand for a national brand and people are willing to pay a higher purchasing price because of status or because they believe that the national brands are higher in quality. This is a result of the influence of advertising.

ASSIGNMENT SHEET #7

Answered to the satisfaction of the instructor.

ASSIGNMENT SHEET #8

1. Capital Electric, Kitchen Appliance and Home Laundry Division, Dishwasher and Disposal Department, Industrial Park, St. Louis, Missouri 63021
2. Automatic dishwasher
3. One year from date of original purchase
4. Both parts and labor
5. No
6. Yes
    a. Failure of performance must be due to manufacturing defect.
    b. Purchase must be for home use.
    c. Appliance must be retained in the United States and the District of Columbia.
    d. Does not cover damage by accident or misuse.
    e. Repair service is to be provided by factory organization or authorized service organizations.

ASSIGNMENT SHEET #9

Completed to the satisfaction of the instructor.

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #10

1. C
2. E
3. B
4. D
5. F
6. A

ASSIGNMENT SHEET #11--(Suggestions)

1. Generally, high consumer demand for a good or service will have the following effects: high quality, higher comparable price and above average availability.

   The economic theory of supply and demand has shown that as demand increases, the supply (production) of the item will increase (at the same or higher quality) to take advantage of the potential sales; and most likely prices will, initially increase because consumers who "demand" will be willing to pay somewhat more for the product.

2. higher
   high
   little

ASSIGNMENT SHEET #12--(Suggestions)

1. Failure to budget or save for purchase. Making a hasty, uneducated impulse buy. Paying an inflated price due to high demand. Buying a poor-quality product.

2. a. Sell the car for whatever amount possible. Start a budget and savings program and stick to it. Inquire about scholarships or work-study plans at the technical school.

   b. Try to improve bus-riding attitude by remembering the money saved over using private modes of transportation.

ASSIGNMENT SHEET #13

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #14

	Probably Wise	Probably Unwise
1.		X
2.		X
3.	X	
4.		X
5.		X
6.	X	
7.	X	
8.		X
9.		X
10.	X	
11.	X	
12.		X
13.	X	
14.		X

ASSIGNMENT SHEET #15

Completed to the satisfaction of the instructor.

Name ______________________

BEFORE YOU BUY
UNIT I

TEST

1. Define briefly the following terms:

   a. Rebate

   b. Wholesaler

   c. Meter

   d. Liter

   e. Allocation of resources

2. Describe and explain the factors involved and the difference in general prices between:

   a. A national and in-house brand product.

   b. A new and a used product.

   c. Products sold at a neighborhood convenience store and at a large national discount store.

   d. High and low consumer demand products (such as steak and liver).

Name ____________________

TEST

3. List seven things a wise consumer should do before making an actual purchase:

   a.

   b.

   c.

   d.

   e.

   f.

   g.

4. Name three things a wise consumer should look for when examining a package label:

   a.

   b.

   c.

5. Identify three prime areas for which a buyer should look when analyzing a product warranty:

   a.

   b.

   c.

6. In the following list of retail establishments, identify in the space to the left whether a shopper would find product prices there generally higher than average or generally lower than average. Mark "H" for high and "L" for low.

   ____ Factory outlets

   ____ Specialty shops

   ____ Neighborhood convenience stores

   ____ Discount stores

   ____ Freight-damaged centers

7. Determine in each of the examples below whether the buyer made a wise economic purchase or an unwise purchase. If you feel it was wise, mark "W" in the space to the left; if unwise, mark "U."

____ a. Mille bought a $300 blue dress because it was marked down from $320.

____ b. John went to the department store to buy a pair of slacks but purchased some after-shave lotion instead, because for just an additional $6.50 he received a "free" gift set of travel colognes, along with the after-shave colognes.

____ c. Amy received some money as a gift for her high school graduation. Although it was summer, she spent the money to purchase a heavy winter coat on sale.

____ d. Mr. Rockefella bought a $1 million diamond pin at a particular jeweler's because he received a 10% discount there.

____ e. Scott drove 3 miles across town to pick up the two new telephones he was getting in order to save $5 each on the installation fee.

8. Explain the difference, both legally and ethically, between the advertising sales techniques of "bait and switch" and "item substitution."

9. Analyze why the selling price of antique furniture has increased so rapidly in the past few years. Include the principles of economic supply and demand in your answer.

TEST

10. List six important buying steps a wise consumer should take when purchasing a product:

a.

b.

c.

d.

e.

f.

BEFORE YOU BUY
UNIT I

ANSWERS TO TEST

1. a. The money returned from the purchase price of a good or service.

   b. A merchandising middleperson who sells *primarily* to wholesalers or retailers and not to ultimate customers.

   c. The basic measuring unit for *length* in the metric system.

   d. The basic measuring unit for *volume* in the metric system.

   e. The process of deciding to spend your income on one resource (product or service) rather than on other *alternatives*.

2. a. Because of quantity contracts (often including set prices) and less advertising expenses, in-house brands are usually less expensive than national brands--although comparable in quality.

   b. Used products are usually lower in price, but a buyer must be more cautious in inspecting for quality and considering future maintenance.

   c. Because of their higher overhead (location rental, longer hours, lower volume of business, etc.) neighborhood stores are convenient but generally have higher product prices. The discount stores, on the other hand, are able to buy in larger quantities and make special buying contracts and pass their savings on to consumers in the form of "discounted" prices.

   d. The higher demand item (steak) will be higher-priced because the consumers are willing to pay for it. Lower-priced items (liver), although comparable in food value or quality, will not "hold up" under a higher price due to low consumer demand.

3. a. Research product performance ratings
   b. Investigate consumer buying guides
   c. Telephone for preshopping information
   d. Check mail-order catalogs
   e. Personally inspect goods before buying
   f. Check product safety
   g. Consider advantages/disadvantages of new vs. used products

4. a. Net weight of contents (and price per oz.)
   b. List of content ingredients
   c. Warnings and directions for use

5. a. Description of parts covered for repairs
   b. Description of free labor
   c. Length and limitations of warranty

6. L--Factory outlets
   H--Specialty shops
   H--Neighborhood convenience store
   L--Discount stores
   L--Freight-damaged centers

7. a. U
   b. U
   c. W
   d. U
   e. W

8. When a customer goes into a store to buy the advertised item, he or she will find that another item (usually of lower quality) has been substituted for the advertised item. In Missouri, this is legal. If a "bait and switch" technique has been used, the customer will be strongly urged *not* to buy the advertised product (the salesperson pointing out its many flaws and limitations) but the next model-level product, which is higher-priced and not on sale. Although this is highly unethical in Missouri, it is still legal.

ANSWERS TO TEST

9. The *demand* for antiques has risen drastically, while the supply is declining and, of course, cannot be replenished. Therefore, antique sellers are asking and receiving high prices for the scarce products that a lot of customers want.

10. a. Budget income for purchases

    b. Eliminate obvious undesirables

    c. Choose from several comparables

    d. Take advantage of bargains

    e. Check for inspection evidence

    f. Read manufacturing testing reports

WHEN THINGS GO WRONG
UNIT II

UNIT OBJECTIVE

After completion of this unit, the student should be able to define the basic rights of all consumers and the general corrective procedure to take when those rights have been violated.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Define and identify helpful terms, laws and agencies that aid consumers.
2. Name and describe basic consumer responsibilities and rights.
3. Identify several consumer problems and discuss improvement of the consumer's relationship to the producers, government and seller.
4. Identify valid complaints from statements describing poor product performance by completing the assignment sheet provided.
5. Name six ways a consumer may register a complaint.
6. Register a legitimate complaint utilizing the given procedure.
7. Identify major consumer aid and protection laws.
8. Identify regulating and information agencies listed for consumer aid.
9. Identify appropriate corrective actions for consumer deception situations by completing the assignment sheet provided.

WHEN THINGS GO WRONG
UNIT II

SUGGESTED ACTIVITIES

I. Instructor:

  A. Provide students with objectives sheet (preceding page)

  B. Provide students with information sheets and assignment sheets

  C. Make transparencies

  D. Discuss objectives

  E. Discuss information sheets, assignment sheets and topics in content outline

  F. Give test

II. Student:

  A. Read objectives sheet

  B. Study information sheet

  C. Complete assignment sheets

  D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

  A. Objectives sheet

  B. Information sheets

    1. Terms

    2. Content topic outline

  C. Transparency masters

    1. TM-II-1: Basic Rights for Consumers

    2. TM-II-2: Typical Product Evolvement

    3. TM-II-3: Learn from Mistakes
    4. TM-II-4: When Things Go Wrong
    5. TM-II-5: Where Can She Go From Here?
    6. TM-II-6: Consumers - Flex Your Legal Muscles!
    7. TM-II-7: Aids for Consumer Protection

D. Assignment sheets

    1. Assignment Sheet #1: Helpful Terms for Consumer Assistance--A Game
    2. Assignment Sheet #2: Debate on Consumer Responsibility
    3. Assignment Sheet #3: Fighting Impersonal Relations
    4. Assignment Sheet #4: Does the Consumer Have a Valid Complaint?
    5. Assignment Sheet #5: Consumer "Hotlines"
    6. Assignment Sheet #6: Case Problem: BBB Correction Limitations
    7. Assignment Sheet #7: Writing Letters of Complaint
    8. Assignment Sheet #8: Sequencing Complaint Procedures
    9. Assignment Sheet #9: Small Claims Court
    10. Assignment Sheet #10: Consumer Protection Laws
    11. Assignment Sheet #11: Case Studies--Consumer Correction Activities
    12. Assignment Sheet #12: Role Playing--Consumer Complaint/Actions

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Master, D. *The Intelligent Buyer and the Telltale Seller.* New York: Knopt Publishers, 1966.

2. Packard, Vance. *The Hidden Persuaders, The Waste Makers.* New York: D. McKay Company, 1960.

3. Porter, Sylvia. *Sylvia Porter's Money Book*, Vol. II. Garden City, New York: Doubleday, 1975.

4. Udvari, S. and Janet Laible. *Buying Guides.* Austin, Texas: Steck-Vaughn Company, 1973.

5. U. S. News and World Report. *What Everyone Needs to Know About Law.* Hicksville, New York, 1975.

6. *Young Consumers.* Mineola, New York: West Publishing Company, 1974.

B. Booklets

1. *Air Traveler's Fly-Rights.* Civil Aeronautics Board. Washington, D. C., 1976 (free).

2. *Consumer Information: A Catalog.* Consumer Information Center, Pueblo, Colorado, 1977.

3. *Guide to Federal Consumer Services.* Department of Health, Education and Welfare, Office of Consumer Affairs, Washington, D.C., 1975. (free)

4. *Shopping by Mail? You're Protected!* Federal Trade Commission and the U. S. Postal Service. Consumer Information Center, Pueblo, Colorado.

C. Curriculum guides

1. *Consumer Education, Part Two.* Home Economics Instructional Materials Center, Texas Technical University, Lubbock, Texas, 1971.

2. Good, Jim. *Law For Everyday Living.* Instructional Materials Laboratory, University of Missouri-Columbia, Columbia, Missouri. 1978.

3. Napier, Deedee Stocker. *Business Communications.* Instructional Materials Laboratory, University of Missouri-Columbia, Columbia, Missouri. 1976.

4. Napier, Deedee Stocker. *Personal Finance.* Instructional Materials Laboratory, University of Missouri-Columbia, Columbia, Missouri. 1976.

D. Films and Filmstrips

1. *What Consumers Should Know About Truth-in-Lending.* National Consumer Finance Association, 1000 Sixteenth Street N. W., Washington, DC 20036. 35 mm color.
2. *Young Consumers.* West Publishing Co., 170 Old Country Road, Mineola, New York 11501. Silent film strip.

E. Resource persons

1. Advertising agency representative
2. Attorney-at-law
3. Magistrate judge (small claims court)

WHEN THINGS GO WRONG
UNIT II

UNIT NOTES TO THE TEACHER

Obviously, an entire course could easily be built around the vast body of consumer laws and help agencies. Consumer protection is an area that is rapidly expanding in scope and public awareness. The laws and governmental agencies selected for the introductory study in this unit are felt to be the most comprehensive or most current regulators for the consumer with problems. The individual instructor may wish to add to the list as time permits. There are several consumer laws presented in this unit that will serve as a transition or lead-in to the study of consumer credit presented in the next unit (Unit III).

Students might be asked to obtain or retain copies of the monthly charge account statement that has the "In Case of Billing Errors" information printed on the back; or, they could bring examples of operating manuals from home appliances which include instructions on warranty registration or repair notification procedures. These materials could be examined and discussed in class.

ASSIGNMENT SHEET #1

Answer definitions for this activity are located at the end of the unit. Suggestions for "awards" for the game winners are: bonus points, sticks of chewing gum, blue ribbons or stars to wear or display on bulletin boards with student name.

ASSIGNMENT SHEET #2

Research material for the debate topic preparation can be located by visiting a library and looking under "Consumers" in the *Reader's Guide*.

ASSIGNMENT SHEET #5

An interesting expansion of this activity could be built by contacting the local telephone sales representative and having an amplified conference phone hooked up. Then, one of the consumer "hotline" numbers could be called and the entire class could hear the telephone conversation on the scope and description of the particular service.

ASSIGNMENT SHEET #7

For additional learning activities, See Unit VII in *Business Communications*, Deedee Stocker Napier, Instructional Materials Laboratory, University of Missouri-Columbia, Columbia, Missouri, or let students use their personal experiences of product problems as a basis for the complaint letter.

WHEN THINGS GO WRONG
UNIT II

INFORMATION SHEET

Related
Materials

I. Terms and definitions

  A. Bankruptcy--A legal method by which an over-extended debtor may be relieved of his or her financial obligations.

  B. Deception--The act of leading consumers to believe an untruth.

  C. Fair Packaging and Labeling Act (1967)--A law enabling the Food and Drug Administration to regulate labeling, including labeling to prevent deception. It requires clear indication of weight or volume; listed amount in each serving; standard for descriptions and ingredients on amounts and proportions.

  D. Fraud--Deception to the extent of being unethical and usually illegal.

  E. Freedom of Information Act (1967)--A law which opened to the public all federal information which does not violate national security or trade secrets.

  F. Magnuson-Moss Warranty Act (1975)--A law which dictated that product warranties must be written in simple language and include a clear description of parts covered and a list of services for which there is no charge.

  G. Securities Exchange Commission (SEC)--A government agency which regulates the buying and selling of stock and bond investments in the United States and guards against frauds and deceptions of exchange.

  H. Truth-in-Lending, Regulation Z (1969)--A law that requires the cost of credit be made available in writing to the borrower. Information must include the total amount paid for credit and the annual cost in percentage terms.

I. Wheeler-Lea Act (1938)--An amendment to the Federal Trade Commission Act which declares unlawful all unfair or deceptive acts or practices in commercial competition such as false advertising, which the law defines as "misleading in a material respect," including the failure to reveal facts as to use consequences.

	Related Materials
II. Consumer responsibilities and rights	Assign. #1
A. Right to be informed	
B. Right to safety	
C. Right to choose	
D. Right to be heard	TM-II-1
E. Consumer/Society punishment for irresponsibility	Assign. #2
III. Consumer problems	
A. Poor product performance	TM-II-2
B. Deception and fraud	TM-II-3
C. Impersonal relations	Assign. #3
1. Consumer and producer	
2. Consumer and government	
3. Consumer and seller	
4. Fighting impersonal relations	
a. Collective action b. Individual involvement	
IV. Identifying valid complaints	Assign. #4
V. Registering complaints	TM-II-4
A. "Hotlines" (some toll-free) to companies	Assign. #5
B. Customer/Management seminars	
C. Consumer panels	
D. Comment cards	

INFORMATION SHEET

	Related Materials
E. State and local agencies	
F. Better Business Bureau (BBB)	Assign. #6
VI. Procedures for complaining	TM-II-5
A. Recheck your product comprehension	
1. Directions	
2. Operations	
B. Notify local retailer/repairer	
C. Notify manufacturer	
D. File formal complaints	Assign. #7 Assign. #8
1. Organizations	
2. Governmental agencies	
3. Local media	
4. Small claims court	Assign. #9
VII. Major consumer protection laws	TM-II-6
A. Federal Bankruptcy	TM-II-7
B. Housing Act of 1937	
C. Wheeler-Lea Act of 1938	
D. Fair Packaging and Labeling Act of 1967	
E. Freedom of Information Act of 1967	
F. Civil Rights Act of 1968, Title VIII	
G. Tax Reform Act of 1969	
H. Truth-in-Lending, Regulation Z (1969)	
I. Fair Credit Reporting Act of 1971	
J. Consumer Product Safety Act of 1972	

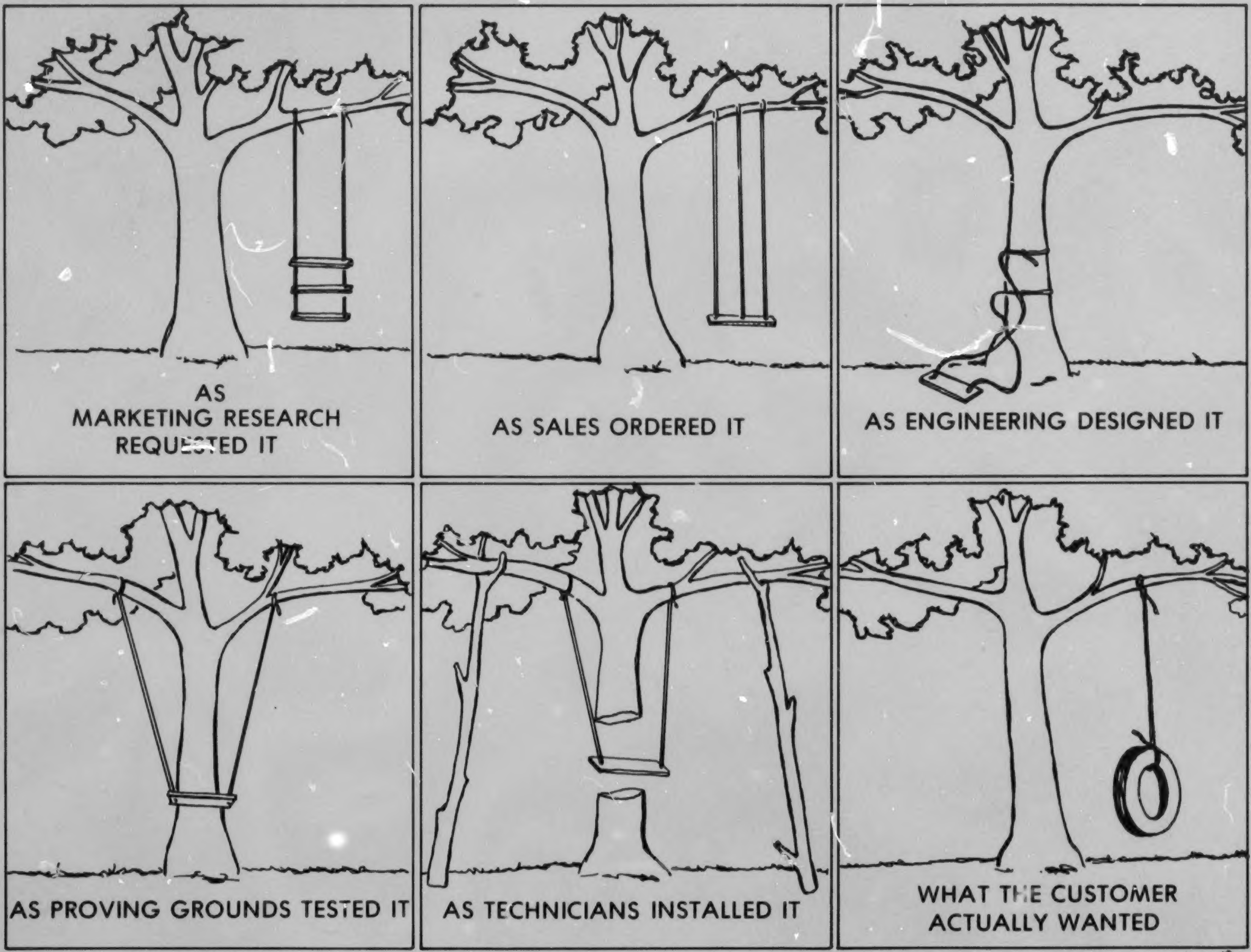
	Related Materials
K. Equal Credit Opportunity Act of 1974	Assign. #10
L. Magnuson-Moss Warranty Act of 1975	
VIII. Regulating and information agencies for consumer aid	
A. Consumer Information Center	
B. Federal Trade Commission (FTC)	
C. Securities Exchange Commission (SEC)	
D. Health, Education and Welfare Department (HEW)	
E. Housing and Urban Development Department (HUD)	
F. Food and Drug Administration (FDA)	
G. Internal Revenue Service (IRS)	
IX. Consumer activities for problem correction	Assign. #11 Assign. #12

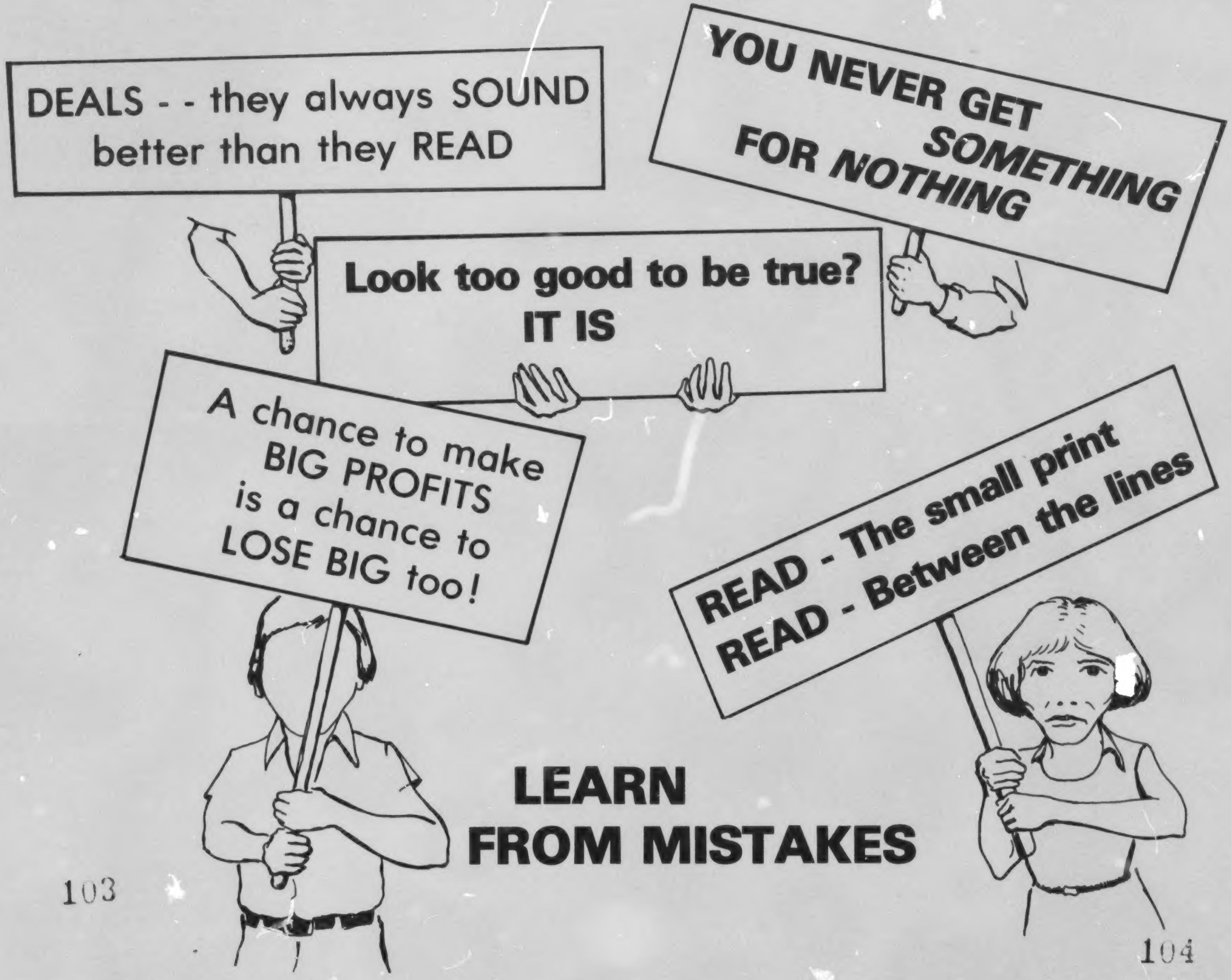
TM - II - 1

Basic Rights For Consumers

1. Right to be INFORMED
2. Right to SAFETY
3. Right to CHOOSE
4. Right to be HEARD

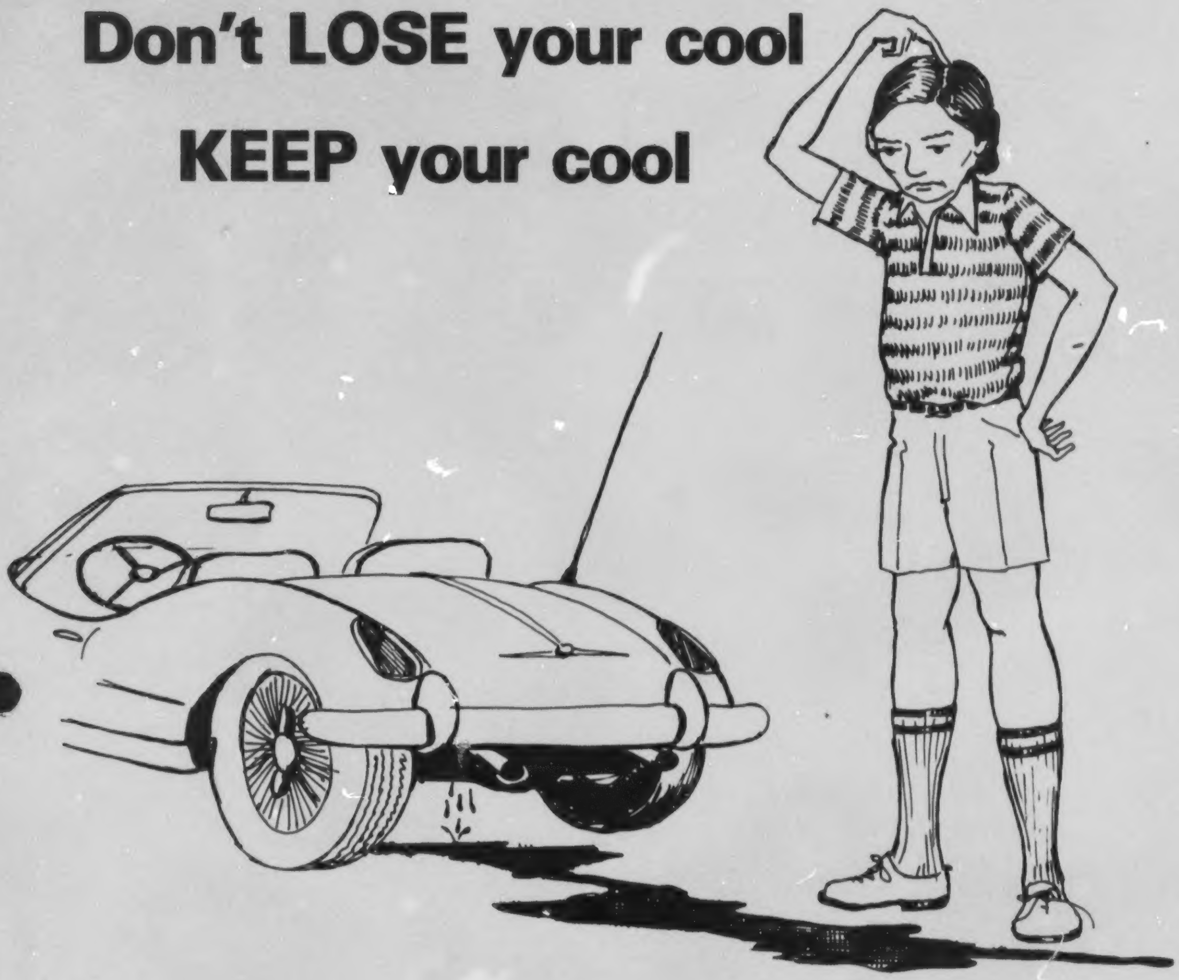
TYPICAL PRODUCT EVOLVEMENT


AS MARKETING RESEARCH REQUESTED IT
AS SALES ORDERED IT
AS ENGINEERING DESIGNED IT
AS PROVING GROUNDS TESTED IT
AS TECHNICIANS INSTALLED IT
WHAT THE CUSTOMER ACTUALLY WANTED


DEALS - - they always SOUND better than they READ
YOU NEVER GET SOMETHING FOR NOTHING
Look too good to be true? IT IS
A chance to make BIG PROFITS is a chance to LOSE BIG too!
READ - The small print
READ - Between the lines

LEARN FROM MISTAKES

WHEN THINGS GO WRONG -
Don't LOSE your cool
KEEP your cool

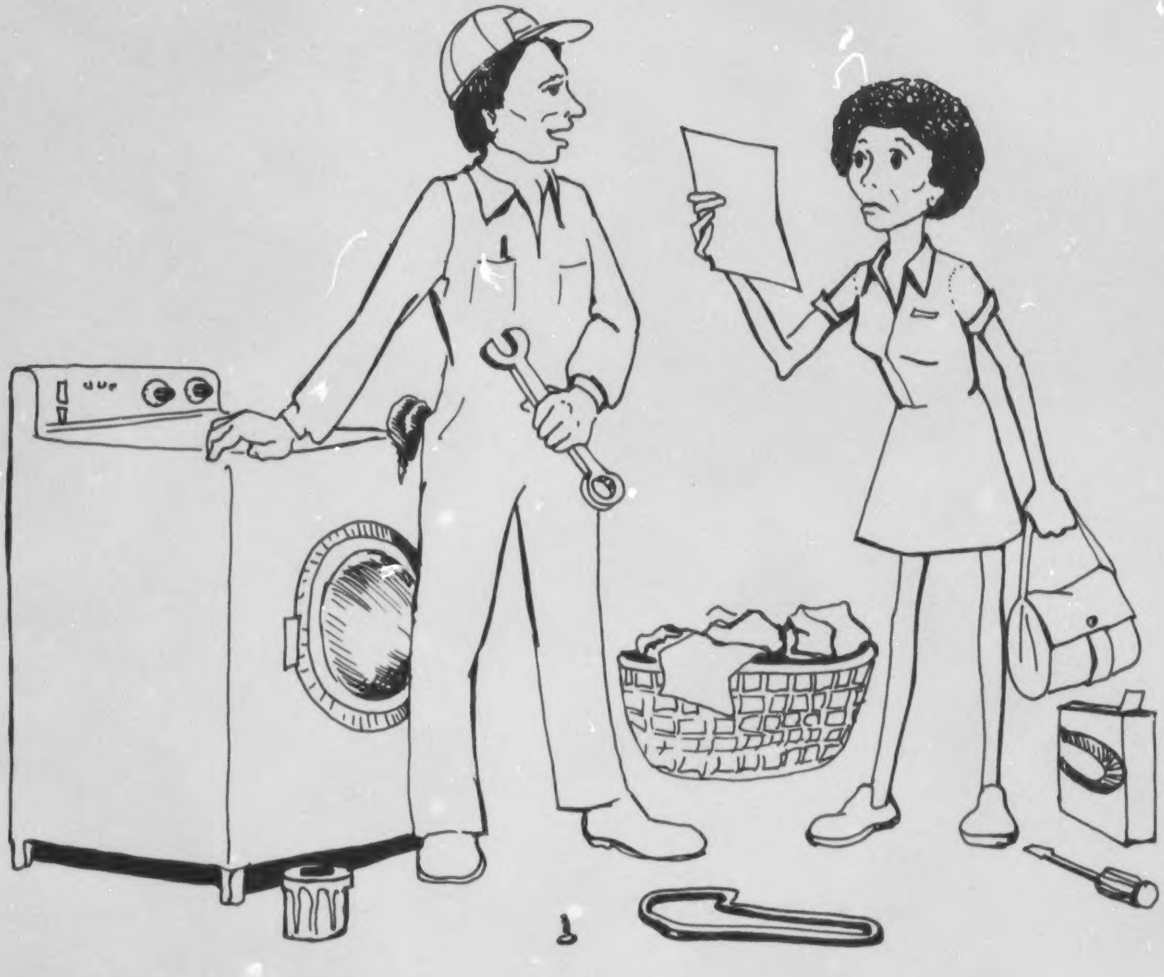


1. Register your complaint with authorities

2. Check the product guarantee

3. Report the problem to the seller

WHERE CAN SHE GO FROM HERE?

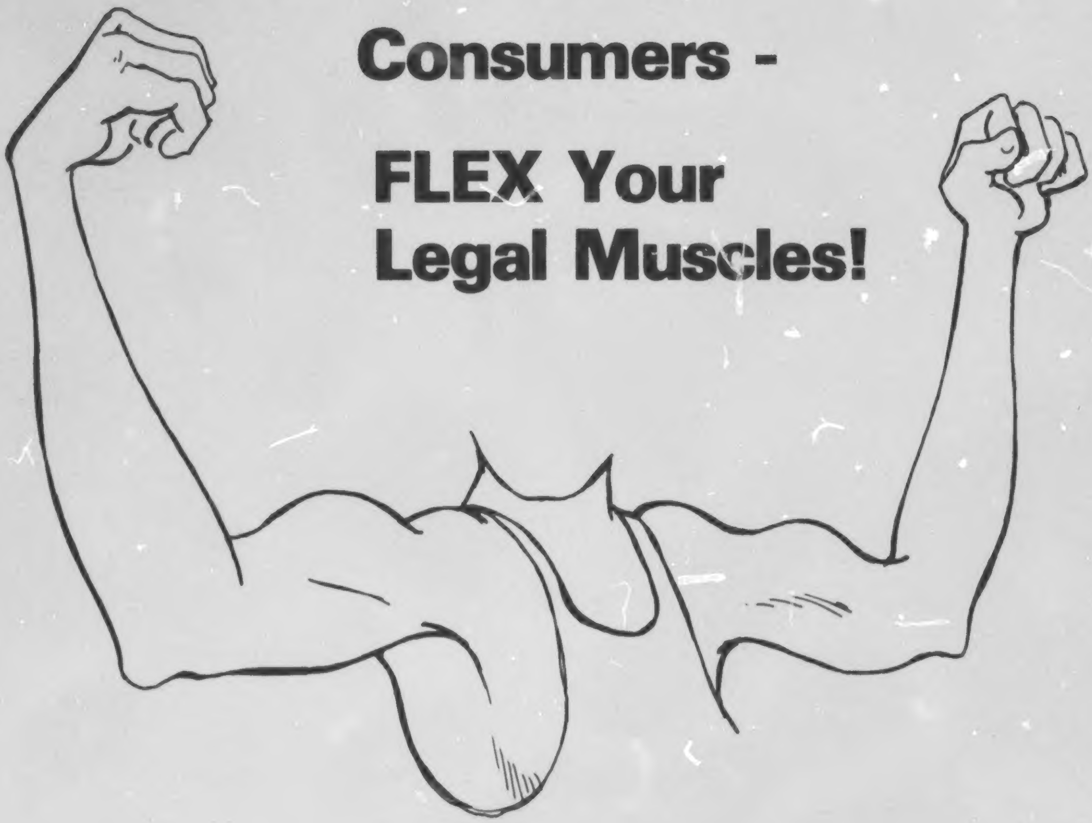


Go ahead and hate me. It's included in the bill!

106

Consumers -

FLEX Your Legal Muscles!



TRUTH-IN-LENDING LAW

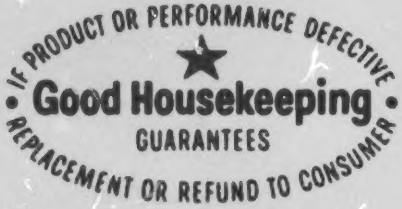
FAIR LABELING ACT

PRODUCT SAFETY COMMISSION

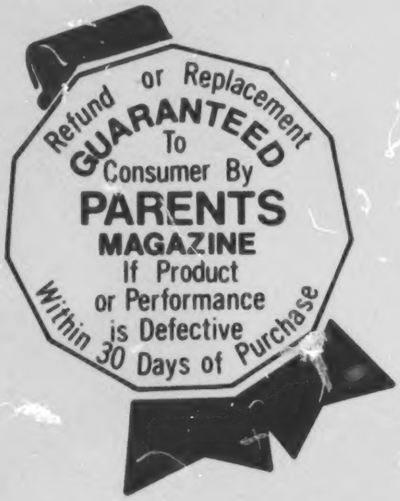
NADER'S RAIDERS

BETTER BUSINESS BUREAU

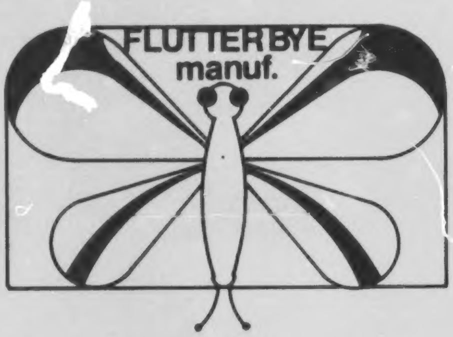
AIDS FOR CONSUMER PROTECTION


IF PRODUCT OR PERFORMANCE DEFECTIVE
Good Housekeeping
GUARANTEES
REPLACEMENT OR REFUND TO CONSUMER

Guarantees replacement or refund to consumer.


Refund or Replacement
GUARANTEED
To
Consumer By
PARENTS
MAGAZINE
If Product
or Performance
is Defective
Within 30 Days of Purchase

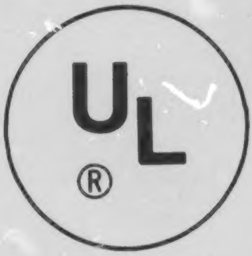
Granted only to products and services advertised in Parents Magazine.


FLUTTERBYE
manuf.

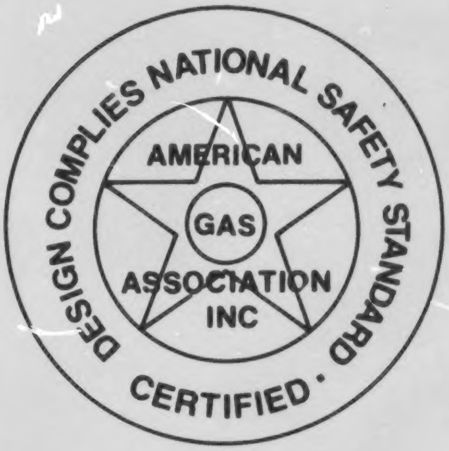
Machine Washable
Use warm water, no bleach
Set washer indicator at warm
Drip or Tumble dry
If needed, use cool iron.

CONSUMER
REPORT

Provides unbiased source for evaluation.



This marker signifies that the item has been judged to be safe for normal use.


DESIGN COMPLIES NATIONAL SAFETY STANDARD
AMERICAN
GAS
ASSOCIATION
INC
CERTIFIED

The affixing of this seal represents by the manufacturer that the appliance should be safe to use in the home.

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #1: HELPFUL TERMS FOR CONSUMER ASSISTANCE--A GAME

Directions: Below is a list of consumer action terms (laws, agencies and organizations) that are commonly used when dealing with consumer complaints.

Your instructor or other designated "caller" will read aloud the definitions to these terms. You will decide which term is being defined and call it out.

The first player or team to call out *ten* terms and correctly identify them wins the game.

* * * * *

Hotline
BBB
Truth-in-Lending, Regulation Z
Fair Packaging and Labeling Act
Freedom of Information Act
Product Safety Commission
Magnuson-Moss Warranty Act
Wheeler-Lea Act
Product Safety Act
Consumer Information Center
Civil Rights Act of 1968, Title VIII

FTC
SEC
HEW
HUD
FDA
Small claims court
MACAP
FICAP
Housing Act of 1937
Bankruptcy
Basic consumer rights

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #2: DEBATE ON CONSUMER RESPONSIBILITY

Directions: Your group will discuss the following two issues and build two cases for debate. One case should agree with and support the statement; the other case will disagree with and point out weaknesses of the issue. Your instructor will call on your group to present one side of one of the statements in a group debate.

1. It is the responsibility of all consumers to expose to the public any business practices they feel are unfair.

   Examples: Overcharging to make up cash register shortages, misleading sales dialogue, etc.

2. Every consumer who misuses business services should be openly punished by the community.

   Examples: Shoplifting small items such as candy bars, intentionally "miscalculating" tax return forms, etc.

Name ______________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #3: FIGHTING IMPERSONAL RELATIONS

Directions: As our modern society becomes more complex and more populated, the consumer problem of "impersonal relations" (between consumers, producers, governments and sellers) increases in irritating proportions. In the space below, describe how you feel these impersonal situations could be improved for consumers.

1. To improve impersonal relations existing between consumers and producers, I suggest:

2. To improve impersonal relations existing between consumers and our government, I would:

3. To improve impersonal relations existing between buyers and sellers, I recommend:

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #4: DOES THE CUSTOMER HAVE A VALID COMPLAINT?

Directions: Indicate your opinion on each statement by checking the space under the column that reflects your beliefs. Is the complaint serious enough to warrant the consumer's fighting for corrective action?

	YES	NOT REALLY	MAYBE
1. A projector was bought in a sealed box. When opened at home, the control cord was missing.			
2. The tread came off a retread tire at 65 m.p.h. on an expressway.			
3. Wool socks marked "preshrunk" shrank when washed in a machine using hot water.			
4. A salesperson said the gasoline mileage would be at least 20 MPG. It is only 15.			
5. The new car warranty was 12,000 miles. After 5,000 miles, the radio did not work.			
6. After two months, the sidewalk in front of a new home cracked.			
7. The advertisement said "now at $20" but the store said the ad was supposed to read "$30."			
8. The zipper on a boot jammed after the boots had been worn three weeks.			
9. The label said "color-fast" but the shirt faded after several washings.			
10. The low-priced stereo would not give a good sound when tried out at home.			

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #5: CONSUMER "HOTLINES"

Many agencies (city, county, state and federal) and organizations have established telephone "hotlines" (usually toll-free) that any consumer may use to ask for information or register a complaint. The following is a partial list of "hotlines" currently available to consumers (your locality may have additional ones):

1. Interstate Commerce Commission
   Hotline: 1 (202) 343-4761

   --to register complaints about moving van companies.

2. Consumer Product Safety Commission
   Hotline: 1 (800) 638-2666 (toll free) or
   the regional office in Kansas City, Missouri
   Hotline: 1 (816) 374-2034

   --to report an unsafe product of almost any kind and get current listing of FDA banned products.

3. Consumer Federation of America, Washington, D.C.
   Hotline: 1 (202) 737-3732

   --helps groups organize and act, testify and lobby on any proposed consumer legislation.

4. Office of Consumer Affairs, Washington, D.C.
   Consumer complaint line: 1 (202) 245-6093

   --government agency concerned with all kinds of consumer problems, education and legislation.

5. Major Appliance Consumer Action
   Panel (MACAP) Complaint Exchange: 1 (312) 236-3165 (call collect)

   --to register a complaint when an appliance dealer, manufacturer or repairer fails to act on any legitimate complaint.

6. American Motors Corporation
   Call-line: 1 (800) 572-9570 (toll free)

   --to handle warranty complaints.

7. Food and Drug Administration, regional office in Kansas City, Missouri.
Phone: 1 (816) 374-5521

--to report a suspected contaminated or otherwise harmful food, drug or cosmetic.

8. Missouri Public Service Commission, Utility Complaint Service, Jefferson City, Missouri
Helpline: 1 (800) 392-4211 (toll free)

9. Area IRS (Internal Revenue Service) office

10. Furniture Industry Consumer, Advisory Panel (FICAP), North Carolina
Helpline: 1 (919) 885-5065

--to help you clear up a dispute with a furniture dealer.

11. Missouri Attorney General's Office, Jefferson City, Missouri
Hotline: 1 (800) 392-8222 (toll free)

--to report any suspected consumer fraud.

12. National Highway Traffic Safety Administration, Washington, D.C.
Hotline: 1 (202) 426-1828

--to ask questions about automobile recalls or defects or to report safety-related defects in autos.

13. Consumer Service Department, Dairy Council of Kansas City, Missouri
Consumer questions line: 1 (816) 861-5300

St. Joseph and Maryville may call toll-free by asking operator for *Enterprise* 7361

--to get free answers on questions about food and nutrition.

14. County citizen complaints numbers
(check government listings in telephone directory)

15. Local Better Business Bureau office

Directions: Your task is to assume the role of reporter: call one of the "hotline" numbers and find answers to the questions listed below (plus some additional ones that you may wish to add). Write a summary article on your findings to report to the class.

1. Name of cooperating agency

Name ______________________________

ASSIGNMENT SHEET

2. Title or qualifications of person answering hotline and helping you with your problems

3. Average number of daily, weekly or monthly calls their hotline receives

4. Description of the various ways the hotline cooperating agency can help consumers with their complaint problems

5. Limitations (feasible or legal) of the help or advice they can give a consumer

6. Other agencies or regional offices (include addresses) to which they can forward your complaint or recommend help

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #6: CASE PROBLEM: BBB CORRECTION LIMITATIONS

Directions: Read the letter that Stan Smith wrote to the Better Business Bureau. Pretend that you are the local agent of the Better Business Bureau and write an answer letter to Stan explaining what the BBB can do to help solve the problem. (Note: Before composing the letter, actually telephone the nearest BBB office and find out exactly what action could be taken if Stan's problem were a real-life situation).

* * * * *

6471 Somerset Drive
Clinton, MO 62031
November 12, 19--

Better Business Bureau
906 Grand Avenue
Kansas City, MO 64013

Dear Sir or Madam:

Please help! I have a problem with the Ace Shoe Company (350 Industrial Plaza, Macon, GA 17310). I ordered a pair of "Look-Like-a-Pro" tennis shoes, size 10, last August. I enclosed with my order a check to pay for the shoes totaling $21.68.

The check has been cashed (I have the cancelled check in my files), but I still have not received my shoes.

I have written the company several times and have phoned them. But the phone has been disconnected and none of my letters have been answered.

What can I do now? I want my shoes or my money!

Thank you for your help.

Sincerely,

Stan Smith

Name ______________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #7: WRITING LETTERS OF COMPLAINT

Directions: Using the general guidelines given below, write two letters of complaint for the following situation.

GUIDES FOR WRITING GOOD COMPLAINT LETTERS

1. Be calm--"cool off" before you begin writing, so that your letter will be objective.
2. Be courteous and tactful. Don't be pushy and *demand* action; rather, explain why you're asking for action.
3. Be straightforward. State the facts of the complaint clearly and briefly.
4. Address the complaint to the "top" person--the president of the company, not to the customer service department, etc.
5. Try to end with a direct request for the settlement you wish to be made, perhaps adding a positive word or two about the product or company--if you can find something!

* * * * *

SITUATION

Fred Harrison just moved out of the Modern Life Apartments, Apt. 12B. Before moving, he shampooed all his carpets, washed the windows, cleaned the stove and refrigerator and had the draperies dry-cleaned. He feels that he left the apartment in spotless condition.

But Fred's landlord from Modern Life Apartments (1200 West Parkway), Al Landam, refuses to return Fred's $100 security deposit to him, stating that the apartment was "a mess."

Assume that you are Fred and write letters of complaint to:

1. Claire Rivers, President
   Richmond Apartment and Home Association
   310 East Main Street
   Richmond, MO 67113

2. Representative James R. Sullivan
   53rd Congressional District
   Capitol Office Building
   Jefferson City, MO 65101

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Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #8: SEQUENCING COMPLAINT PROCEDURES

Directions: The following statements reflect things that Connie Consumer did when her new dishwasher wouldn't start. However, the steps are out of sequence. Your task is to rearrange the statements into a logical "complaint" sequence by placing numbers in the blanks to the left to indicate the order of procedures.

* * * * *

When Connie Consumer's new dishwasher wouldn't start and no one seemed to be interested in helping her, she:

____ a. Wrote a complaint letter to the manufacturer

____ b. Reread the operating directions

____ c. Filed a claim in the small claims court for damages

____ d. Went back to the dealer and requested free repair work

____ e. Telephoned the manufacturer's customer service supervisor

____ f. Filed a complaint with the Office of Consumer Affairs in Washington

____ g. Filed a complaint on the dealer with the Better Business Bureau

____ h. Told the local newspaper of the problem by writing a letter to the editor

Name ____________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #9: SMALL CLAIMS COURT

Directions: If a consumer feels she or he has not received adequate compensation on a complaint registered with the product sellers, a case may be taken to a small claims court.

Complete the following investigative form to find out more information about this avenue of consumer complaint action.

* * * * *

1. What is the address of the nearest small claims court? ____
   ____

2. Are there minimum and maximum damage payment boundaries for using the small claims court? __________ If so, what are they? ______________________________
   ____

3. Are you required to have a lawyer to present your case in this court? __________

4. Must you be a certain age to sue in a small claims court? __________ If so, what is the age requirement? __________

5. In your area, is the small claims court a part of the city, county or state government system? __________

6. Are there court fees? __________ If so, what are they? ___
   ____

7. What forms will you be required to fill out to file the suit?
   ____
   ____

8. If, after receiving the summons, the other party wants to settle the problem out of court, can you do this? __________ Do you notify the court? __________ Who pays for the filing of court costs? ______________________________

9. If the case does go to trial, may you have witnesses to testify on your behalf? ____________ If they don't want to testify, how can you make them do so? ____________

10. If you win the case, who will pay the damages--you, the court or the defendant? ____________

11. Will your case be decided by a lay citizen jury in a small claims court? ____________ If not, who does make judgment? ____________

12. If you're ill or an emergency comes up on the date set for trial, can the trial be changed? ____________

13. If you want to have an attorney help you with your case in a small claims court but you can't afford to pay legal fees, where can you go to receive legal assistance? ____________

14. To be a small claims court judge in your area, would you first have to be a lawyer? ____________

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #10: CONSUMER PROTECTION LAWS

Directions: Fill in the blanks in the narrative that follows with a correct choice from the consumer protection laws listed:

Truth-in-Lending Law of 1969
Housing Act of 1937
Civil Rights Act of 1968
Tax Reform Act of 1969
Fair Credit Reporting Act of 1971
Equal Credit Opportunity Act of 1974
Consumer Product Safety Act of 1972
Fair Packaging and Labeling Act of 1967
Federal Bankruptcy Law

* * * * *

Without federal laws to help them, this would have been a devastating day for the Phillips family.

It all started when Mrs. Phillips discovered on Monday morning that someone had stolen her billfold while she was at the beauty shop. She started receiving phone calls that afternoon from her bank credit card office telling her that she had gone over her credit card limit of $1,000. She explained to them that she had lost her card a few hours before when her billfold had been stolen, and, therefore, the thief was the one obviously charging merchandise on her card. Luckily, she would only be liable for the first $50 charged against the $1,000 on the stolen card, thanks to the

______________________________________ law.
(1)

In the meantime, Mr. Phillips was busy taking out a loan at a local finance company to help pay his income taxes. The loan agent explained in detail that because of the ______________________________
(2)
she must explain carefully to Mr. Phillips that the total annual percentage rate on the loan was going to amount to 21% or $210 annually.

After school, Mrs. Phillips asked her son, Mike, to stop by the grocery store and purchase some roast beef that was on sale. When Mike arrived home with the beef, Mrs. Phillips unwrapped the clear cellophane around the cardboard tray that the roast was wrapped in and noticed that the portion of the roast that was not clearly visible in the tray was where the meat cutter had placed extra fat and bone to make the roast weigh more. Angrily, Mrs. Phillips told Mike to return the roast to the store and inform them that the wrapping deception was in violation of the

______________________________________ .
(3)

Because of the meat incident, Mrs. Phillips decided to have canned soup for dinner. As she opened the can of soup, she noticed on the label that the ingredients were listed in decreasing content amounts. Thank heavens for the ______________________________
(4)
she thought--now I won't think I'm getting vegetable beef soup that I thought has one-third parts beef but actually has four-fifths parts celery!

After Mr. Phillips came home from work, he received a call from the loan agent telling him that the agency was going to turn down his loan application because of a bad credit rating report. Mr. Phillips was quite upset and told the loan agent that because of the ________________________________ he was going to contact
(5)
the credit bureau immediately for a full, written explanation of why his credit rating was poor.

Mrs. Phillips tried to calm her husband by telling him that she'd go into the financial house tomorrow and apply for a loan, because, as a result of the ______________________________, she
(6)
couldn't be denied credit just because she was a woman.

Next they had a telephone call from their good friend Adul Kar-Ta-Shik. He reported that he had just sent off a formal complaint to HUD claiming his present landlord violated the

______________________________________ by failing to complete
(7)
badly needed repairs on his rental home to make it a "decent and suitable" living environment. Mr. Phillips asked him why he didn't

Name ________________________________

ASSIGNMENT SHEET

just move somewhere else. Adul answered that most people hadn't heard of the ______________________________ (8) and would probably discriminate against him on the basis of his religion or national origin.

"Well," said Mr. Phillips after he had finished the telephone conversation with Adul, "I guess other people have their problems, too." "Yes," answered Mrs. Phillips, "and if you can't pay your taxes and they're under $1500, at least you can go to the small claims tax court that was established by the ______________________ (9)." "And, Dad," laughed Mike, "remember, because of the ____ (10), you won't have to go to debtor's prison!"

THE END

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #11: CASE STUDIES--CONSUMER CORRECTION ACTIVITIES

Directions: Read the three cases that follow and answer the discussion questions. As you read, think about the corrective actions consumers can take when "things go wrong."

CASE I--Jeff and the Chicken

Jeff purchased a 3-legged chicken advertised at 35¢/lb. at the Cheapo Supermarket. He was accustomed to paying 39¢/lb. When he arrived home and removed the chicken from its package, he discovered that 3 paper sacks of giblets had been tucked under the chicken. Since a 3-legged chicken does not have 3 sets of giblets and because the addition of extra giblets increased the price paid for the chicken, Jeff called the manager of the store. He explained the situation and complained about the addition of non-usable parts. He noted that such policies (the advertising at a lower price and use of giblets to increase weight) must be set by the management and requested that it be stopped immediately.

1. If the manager would not cooperate and change the advertising or packaging methods, what would be some of the next corrective action steps that Jeff could take as a concerned and informed consumer?

CASE II--Mistaken Spray-can Identity

Jane was in a hurry. She grabbed the hairspray from the cabinet and sprayed her hair. She felt severe smarting in the eyes and discovered that she had used an aerosol insecticide meant to be used for flies instead. Fortunately, her eyes weren't permanently damaged. She breathed in a lot of spray, which is dangerous.

1. In this case, what important label information would help Jane?

2. In the future, what things could both Jane and the insecticide producer do to help prevent mistaken identities?

CASE III--The Stereotype

John, a librarian, viewed a full-page advertisement for the Tiger sportscar in a national publication. It enticingly itemized the racy features of "the hairiest-looking sportscar in America" and ended with "we may lose a few librarians for customers, but we think we'll gain a few enthusiasts." John promptly wrote a letter to the Boston Advertising Agency complaining about the use of an old stereotype about librarians (implying that the profession is dull). He pointed out quite forcefully that all librarians aren't timid, stuffy and conservative. He also made the point about how hard it is to get rid of old-fashioned images.

1. Are there laws against stereotyping?

2. What can consumers do to prevent future cases like this?

3. Can you think of other advertising stereotypes?

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

ASSIGNMENT SHEET #12: ROLE PLAYING--CONSUMER COMPLAINT/ACTIONS

Directions: In each of the following situations two people will role-play the scene. One person will be the consumer, the other will be the consumer-helper. The consumer-helper's task will be to find out the particulars of the problem and give several recommendations of feasible actions the consumer can take to find help for the problem. Remember, be specific in your action recommendations of where to go to find assistance for the consumer problem.

SITUATION I

Alice purchased a blouse that had a label which read "preshrunk, color-fast, permanent press." She washed the blouse once in warm water and it shrank and faded. Not only was the blouse ruined, but also the rest of the wash load!

SITUATION II

John received a record album in the mail which featured "40 Waltzes of the 1940's." He didn't order the album or any other item from the company. The company is sending him daily reminders to pay his bill for the album, and they claim they will not accept the postal return of the record.

SITUATION III

Carol received an electric toothbrush for her birthday; but every time she uses the toothbrush, she receives an electric shock to her teeth!

SITUATION IV

Tim sent his best suit to the dry cleaners. When he went to pick it up, the clerk couldn't find it. Since the cleaner does not give claim tickets, there is no proof that Tim ever sent his suit there in the first place. The cleaning establishment will not pay him for his lost suit.

SITUATION V

Jeanne bought a new lipstick on sale at the drug store. But when she applied it on her mouth, her lips became irritated and stained red. They've been in this condition for two days, and the family physician doesn't know the cause or cure for her problem.

SITUATION VI

Art purchased some new black socks that were prepackaged three pairs in one box. When he got home and opened the box, he discovered that two of the three pairs were defective. When he went back to the store to return the defective socks, he was told that he couldn't get a refund because he had opened the box!

SITUATION VII

Jill got a new battery for her car that came with a 36-month unconditional guarantee. After 33 months the battery went dead and when she tried to get a new battery, they gave her only one-half the refund.

WHEN THINGS GO WRONG
UNIT II

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1

1. Bankruptcy: A legal method by which a debtor may be relieved of financial obligations.

2. Basic consumer rights: To be informed, to be safe, to be heard, to choose--these are granted every American consumer.

3. BBB (Better Business Bureau): A regional agency which is available to consumers for information or registering complaints on area businesses.

4. Civil Rights Act of 1968, Title VIII: The key federal "fair housing" statute giving guarantees of equal access to housing for all U. S. citizens.

5. Consumer Information Center: A distribution center in Pueblo, Colorado, for consumer information booklets and pamphlets.

6. Fair Packaging and Labeling Act: A 1967 law that enabled the FDA to regulate the content information found on products for resale.

7. FDA (Food and Drug Administration): An agency which keeps watch on the safety and purity of cosmetics, food and drugs.

8. FICAP (Furniture Industry Consumer Advisory Panel): Helps consumers with complaints involving a furniture dealer or product.

9. Freedom of Information Act (1967): A law which opened to the public all federal information which didn't violate trade secrets or national security.

10. FTC: U. S. Government, Federal Trade Commission.

11. HEW: U. S. Government, Department of Health, Education and Welfare.

12. Housing Act of 1937: Helped tenants of rental dwellings by requiring landlords to provide a "suitable living environment" for Americans.

ASSIGNMENT SHEET #1 continued

13. Hotline: A customer and consumer service phone line (usually toll free), generally used for complaint or problem situations.

14. HUD (Housing and Urban Development): A federal government agency that, together with the force of a 1930's law, assures consumers of fair and open housing regardless of race or creed.

15. MACAP (Major Appliance Consumer Action Panel): An organization with which you may register a complaint when items such as washers, dryers, stoves and refrigerators break down and a consumer hasn't received adequate help from local retailers.

16. Magnuson-Moss Warranty Act: A law which states that product guarantees must specifically state repair and parts replacement service limitations.

17. Product Safety Act: A law passed in 1972 which established a five-member Consumer Product Safety Commission.

18. Product Safety Commission: A commission established by a law for the purpose of regulating and insuring the right of consumers to product safety.

19. SEC (Securities Exchange Commission): Protectors and regulators of investors and their credit.

20. Small claims court: A place where an uncompensated consumer can go for help, usually without the need of a lawyer.

21. Truth-in-Lending, Regulation Z: Stipulates that borrowers must be informed of the exact amount of the cost of credit.

22. Wheeler-Lea Act (1938): One of the earliest consumer protection laws which helped to define and insure against false advertising.

ASSIGNMENT SHEET #2

Completed to the satisfaction of the instructor.

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #3--(suggestions)

1. Consumers and producers

   a. *Communicate* with producers! If you like a product they manufacture, let them know. If you have suggestions, notify them!

   b. Always fill out and return any guarantee or warranty registration card. Follow directions exactly.

   c. If the company has a consumer hotline, use it.

   d. Support products that are manufactured locally.

2. Consumers and government

   a. Get *involved*! Work for the political party of your choice. Help elect your candidates.

   b. Be *informed*! Know what your elected representatives are doing! Know current issues and bills pending. Flex your consumer muscles. Write your representative about your views.

3. Consumers and sellers

   a. *Introduce yourself* to local retailers. Get acquainted with them.

   b. *Support local retailers*. It's good for the community and good for you.

ASSIGNMENT SHEET #4--(suggestions only--based on an interview with an attorney)

	YES	NOT REALLY	MAYBE
1.	✓		
2.		✓	
3.			✓
4.			✓
5.	✓		
6.			✓
7.	✓		
8.			✓
9.	✓		
10.		✓	

ASSIGNMENT SHEET #5

(Answers will vary)

ASSIGNMENT SHEET #6--(suggested content)

Dear Stan:

We, too, have written several letters to the ACE Shoe Company requesting action on your order and have not received a reply. After contacting the Post Office, we have been informed that the company has moved. Unfortunately, the Better Business Bureau cannot compel addressees to answer its communications.

You might investigate the possibilities of filing suit in a small claims court or filing a formal complaint with the U. S. Postal Service.

It is usually wiser to check a business's reputation with the BBB before ordering. Also, be wary if mail-order companies won't let you request C.O.D. payment on the order.

I'm sorry we cannot be of additional help to you.

Sincerely,

ASSIGNMENT SHEET #7

(Letters will vary)

ASSIGNMENT SHEET #8

a. 4

b. 1

c. 8

d. 2

e. 3

f. 6

g. 5

h. 7

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #9

1. (will vary).
2. Yes (usually under $1,000).
3. Usually not. Most courts will let you present the case yourself.
4. (will vary) Usually you must be of legal age.
5. Most courts are under county supervision with an elected magistrate serving as judge.
6. Yes (usually from $3 - $15).
7. A petition to file suit - this explains the case and gives *exact* and *complete* names and addresses of those involved.
8. Yes. Be sure to notify the court of the settlement before the date originally set for trial. Preferably, get the settlement in writing.
9. Yes (and evidence, too). An involuntary witness may be made to testify by having the court clerk issue a subpoena.
10. The defendant will be ordered by the court to pay damages set by the judge. But whether the defendant can, or will, pay those damages is another matter.
11. No, usually the court judge hears and rules on the case.
12. A court date can be delayed (due to inconvenience, illness, emergency, etc.) and the court clerk will set a new trial date.
13. The local legal aid society, some social service organizations (N.A.A.C.P., etc.) or often the court itself have free available legal help.
14. Not usually.

ASSIGNMENT SHEET #10

1. Truth-in-Lending Law of 1969
2. Truth-in-Lending Law of 1969
3. Fair Packaging and Labeling Act of 1967

ASSIGNMENT SHEET #10 continued

4. Fair Packaging and Labeling Act
5. Fair Credit Reporting Act (1971)
6. Equal Credit Opportunity Act of 1974
7. Housing Act of 1937
8. Civil Rights Act of 1968
9. Tax Reform Act of 1969
10. Federal Bankruptcy Law

ASSIGNMENT SHEET #11--(suggestions)

CASE I

1. Report the incident to the local meat packers or grocery workers unions; file a format complaint with the Better Business Bureau; notify the consumer affairs department of related newspapers or magazines.

CASE II

1. Use cautions or warnings as well as antidotes or actions to take for irritations developed after incorrect use.
2. Change either the container shape or spraying lid so that the insecticide won't resemble hair spray cans in appearance or spraying procedures; perhaps use a safety cap on the spraying cap.

CASE III

1. Not directly--unless it goes far enough to call for court suits on the basis of slander or discrimination.
2. (Answers will vary)
3. (Answers will vary)

ASSIGNMENT SHEET #12

Completed to the satisfaction of the instructor.

Name ______________________________

WHEN THINGS GO WRONG
UNIT II

TEST

1. Complete each descriptive statement below by inserting the correct law or agency in the blank space.

   a. When a consumer signs a credit agreement, he or she is protected against hidden or later additions of credit costs by a legal provision of the ______________________ ____.

   b. The ____ of 1975 regulated warranty descriptions.

   c. Advertising deception or intentional misleading was defined and curtailed with passage in 1938 of the ____.

   d. A law passed in 1972, called the ______________________ ______________________ has done much to ensure the basic consumer right of safety in using products.

   e. All ingredients of a retail processed food must be clearly identified as a result of the ____________________ ____.

2. Name and describe four basic consumer rights.

   a.

   b.

   c.

   d.

135

3. a. List three examples of impersonal relations.

   1)

   2)

   3)

   b. Give two suggestions for improving or preventing them.

   1)

   2)

4. Name four ways a consumer may register a complaint.

   a.

   b.

   c.

   d.

5. Below are three situations that appear to be deceptive or fraudulent to consumers. Select one of the situations by circling the letter. In the space provided, explain in detail what a consumer could do to expose the unethical practices.

   SITUATIONS:

   a. "Dr." Fred Martin moves into your community. He advertises in the paper that he can cure all without surgery or x-rays.

   b. A local retail merchant puts an ad in the paper inviting consumers to come in and buy diamond watches at wholesale prices.

   c. You have received an unordered package through the mail. It contains greeting cards to sell.

Name ______________________________

TEST

CORRECTIVE ACTIONS:

6. Indicate whether each statement below is generally true by placing a (+) in the blank to the left. If the statement seems to be generally false, place a (0) in the blank.

____a. If you file a suit in a small claims court, you must have a lawyer.

____b. Cases appearing before a small claims court are heard before a lay jury who decides on the defendant's guilt or innocence.

____c. If you win your case in a small claims court, you will automatically be paid the total amount you claim is due.

____d. When writing a letter of complaint, it is more effective to be forceful, heated and irate in your approach.

____e. When writing a letter of complaint, don't bother addressing it to top management, because they're too busy to help.

____f. A good letter of complaint will contain a direct request for settlement.

____g. If a person files for bankruptcy and is approved, the government automatically either cancels all the person's debts or gives him or her a 6-month jail sentence.

____h. If a consumer suspects a deceptive business practice, he or she should check with the BBB *before* purchasing, because afterwards there is little the BBB can do legally.

____i. The FTC makes sure that the foods we buy at the grocery store are pure and safe for consumption.

____j. The FDA regulates cosmetics in addition to goods.

WHEN THINGS GO WRONG
UNIT II

ANSWERS TO TEST

1. a. Truth-in-Lending (Regulation Z)

   b. Magnuson-Moss Warranty Act

   c. Wheeler-Lea Act

   d. Consumer Product Safety Act

   e. Fair Packaging and Labeling Law

2. Basic consumer rights

   a. Right to be *informed* (free and available information, valid data, open files, etc.)

   b. Right to *safety* (inspected safety guarantees for products used properly)

   c. Right to *choose* (freedom of choice, without fear)

   d. Right to be *heard* (freedom to voice complaints and give suggestions without fear)

3. a. 1) Consumer and producer
      2) Consumer and government
      3) Consumer and seller

   b. 1) May be helped through the influence of collective action
      2) May be helped through the influence of individual involvement

4. (suggestions)

   a. Call a telephone consumer hotline.

   b. Write complaint letters.

   c. Notify state and local help agencies.

   d. Fill out service comment cards.

5. (Answers will vary with individual selection, but student suggestions should include parts of content regarding procedures for complaining, registering a complaint and consumer laws and aiding agencies.)

6. a. 0
   b. 0
   c. 0
   d. 0
   e. 0
   f. +
   g. 0
   h. +
   i. +
   j. +

PLANNING CREDIT BUYING
UNIT III

UNIT OBJECTIVE

After completion of this unit, the student should be able to demonstrate the ability to select and use credit wisely.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Define and use terms commonly associated with credit use.
2. Identify the uses and types of consumer credit and determine which type of credit is most appropriate in a given situation.
3. Describe the legal aspects of using credit.
4. Given installment payment schedules, or selling price and interest rate, compute the annual cost of credit.
5. List considerations in establishing a good credit rating.
6. Identify results of misuse of credit.
7. List four aids available for those who have overextended their credit.

PLANNING CREDIT BUYING
UNIT III

SUGGESTED ACTIVITIES

I. Instructor:

  A. Provide students with objectives sheet (preceding page)

  B. Provide students with information sheets and assignment sheets

  C. Make transparencies

  D. Discuss objectives

  E. Discuss information sheets, assignment sheets and topics in content outline

  F. Give test

II. Student:

  A. Read objectives sheet

  B. Study information sheet

  C. Complete assignment sheets

  D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

  A. Objectives sheet

  B. Information sheets

    1. Terms

    2. Content topic outline

  C. Transparency masters

    1. TM-III-1: The Use of Credit . . .

    2. TM-III-2: Average Amount Borrowed . . .

3. TM-III-3: Why Use Credit?
4. TM-III-4: Types of Charge Accounts and Credit Cards
5. TM-III-5: Analyzing a Monthly Charge Statement
6. TM-III-6: What Credit Bureaus Know About You
7. TM-III-7: Credit is Earned by the Six C's . . .
8. TM-III-8: Pitfalls of Credit Use
9. TM-III-9: Beware! Be Wise! Keep Credit Use Down to Size!
10. TM-III-10: Are You a Crediholic?

D. Assignment sheets

1. Assignment Sheet #1: Credit Crossword Puzzle
2. Assignment Sheet #2: Comparing Different Types of Consumer Credit
3. Assignment Sheet #3: Completing a Sales Contract
4. Assignment Sheet #4: Role Playing with Credit--Its Pros and Cons
5. Assignment Sheet #5: Computing the Cost of Credit
6. Assignment Sheet #6: Considerations for Establishing a Good Credit Rating
7. Assignment Sheet #7: Case Study on the Results from Misusing Credit
8. Assignment Sheet #8: Report on Bankruptcy

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Babson, Roger W. *The Folly of Installment Buying.* New York: Frederick A. Stokes Company, 1938.
2. Batchker, Nathaniel. *Installment Credit Computations for Yields, Charges, Rebates and Earnings.* Boston: Bankers Publishing Company, 1963.

3. Black, Hillel. *Buy Now and Pay Later.* New York: William Morrow and Company, 1961.

4. Campbell, Sally R. *Consumer Education in Age of Adaptation.* Chicago, Illinois: Consumer Information Services, Sears, Roebuck and Company.

5. Chapin, Albert F. and George E. Hassett. *Credit and Collection Principles and Practice,* 7th edition. New York: McGraw-Hill, 1960.

6. Crocker, Betty. *More for Your Money.* New York: Western Publishing Company and Bantam Books, 1976.

7. Daughtrey, Anne Scott. *Methods of Basic Business and Economic Education,* 2nd edition. Cincinnati: South-Western Publishing Company, 1974.

8. Finkelstein, Milton and Arthur Nitzburg. *Living in a Consumer's World.* New York: Globe Book Company, Inc., 1974.

9. Hastings, Paul and Norbert Mietus. *Personal Finance.* New York: McGraw-Hill Book Company, 1972.

10. Kohns, Donald P. *Credit and Collections.* Cincinnati: South-Western Publishing Company, 1968.

11. Niemmers, E. E. and Cornelius C. Janzen. *Dictionary of Economics and Business.* Paterson, New Jersey: Littlefield, Adams and Company, Inc., 1964.

12. Phillips, E. Bryant and Sylvia Lane. *Personal Finance,* 3rd edition. New York: John Wiley and Sons, Inc., 1974.

13. Porter, Sylvia. *Sylvia Porter's Money Book, Vol. I.* Garden City, New York: Doubleday and Company, Inc., 1975.

14. Troelstrup, Arch. *The Consumer in American Society, Personal and Family Finance,* 5th edition. New York: McGraw-Hill Publishing Company, 1974.

15. Warmke, Roman F., Eugene D. Wyllie, W. Harmon Wilson and Elvin S. Eyster. *Consumer Economic Problems,* 8th edition. Cincinnati: South-Western Publishing Company, 1971.

B. Booklets

1. *Finance Facts Yearbook 1974.* National Consumer Finance Association Educational Services Division, 1000 Sixteenth St., N. W., Washington, DC 20036.

2. *How to Choose and Use Retail Credit* and *Using Retail Credit.* Chicago: Consumer Information Services, Sears, Roebuck and Company, 1971. (Free)

3. *Truth-in-Lending, What it Means for Consumer Credit.* Public Information Department, Federal Reserve Banks of Philadelphia.

4. *Using Tomorrow's Money.* National Consumer Finance Association. (Free)

C. Charts

1. Consumer Credit Set

   a. *Who Uses Consumer Credit?*
   b. *Why Do People Use Consumer Credit?*
   c. *How Much Consumer Credit is Used?*
   d. *What is the Consumer's Net Worth?*

   Educational Services Division, National Consumer Finance Association, $1 per set.

D. Curriculum guides

1. Lacy, Richard and Ok D. Park. *Job Application and Interview.* Instructional Materials Laboratory, 10 Industrial Education Building, University of Missouri-Columbia, Columbia, Missouri 65211. (Unit VII)

2. Napier, Deedee Stocker. *Personal Finance.* Instructional Materials Laboratory, 10 Industrial Education Building, University of Missouri-Columbia, Columbia, Missouri 65211. (1975)

E. Films

1. *Consumer Education: Installment Buying*

2. *Consumer Education: Retail Buying*

3. *Your Credit is Good*

   Order all from: University of Missouri-Columbia
   Extension Division
   Academic Support Center
   505 E. Stewart Rd.
   Columbia, Missouri 65211

   Rental $5.50

F. Filmstrips

1. *Be Credit Wise.* Household Finance Corporation, Money Management, Chicago.

2. *So You Want to Use Credit.* Changing Times Education Service, Department CMK 7, 1729 H Street, N.W., Washington D.C.

3. *Your Money Matters* and *You Take the Credit.* Sound filmstrips. Money and Credit Management Series, National Consumer Finance Association, Education Services Division, 1000 Sixteenth St., N.W., Washington, DC 20036.

G. Kits

1. *Advanced Consumer Credit Teacher's Kit* - two-week study. National Consumer Finance Association, 1000 Sixteenth Street, N. W., Washington, DC 20036.

2. *Credit, Banking* and *Insurance* units of study. NOW Corporation, St. Albans, West Virginia.

H. Monographs

1. Brick, Maurice J. *Say Please and Collect.* New York: J. H. Gintzler Press, 1955.

   This monograph presents the human side of installment credit financing. It is primarily concerned with (1) causes of delinquency, (2) organization of techniques and (3) the training of personnel to eliminate human failure to perform.

2. Brunner, George Allen. *Personal Bankruptcies, Trends and Characteristics.* Columbus, Ohio: Bureau of Business Research Monograph No. 14., College of Commerce and Administration, Ohio State University, 1965.

I. Pamphlets

1. *About Credit Unions.* Channing L. Bete, Scriptographic Pamphlets, Newell Pond Rd., Greenfield, Maryland 01301.

2. *Borrowing* and *Your Credit.* Better Business Bureaus, National Council, 1101 17th St., N.W., Washington, DC 20036.

3. *It's Your Credit, Manage it Wisely.* By Bryant and Daner. Household Finance Corporation, Money Management Series, Chicago, Illinois.

PLANNING CREDIT BUYING
UNIT III

UNIT NOTES TO THE TEACHER

There is such a vast amount of supplemental teaching material on the subject of credit that it's difficult to decide just where to begin and end. Two resources, however, were of particular help in preparing this unit: "A One-week Advanced Teaching Unit on Consumer Credit"--a teacher's kit prepared by Dr. Carl F. Hawver for the National Consumer Finance Association and the *Personal Finance* instructor/student guide available from the Instructional Materials Laboratory, University of Missouri-Columbia. Both references contain additional learning activities on credit use.

"Charge" credit and its overextension are the main focus points of the rationale for this unit. Credit given in the form of loans (such as auto loans, mortgages, etc.) will be covered in the next two units. Credit regulatory laws were discussed in the previous unit.

ASSIGNMENT SHEET #2

A transparency of TM-III-4 could be made and projected to serve as a suggested answer sheet base for Assignment Sheet #2.

ASSIGNMENT SHEET #3

A transparency of the contract form could be produced and projected so that the class could complete the contract together. Completion of the activity involves the use of mathematical calculations.

ASSIGNMENT SHEET #6

The playing "cards" for this game (containing the question topic) are found in the "Answers to Assignment Sheets" section of this unit. The student Assignment Sheet contains only playing instructions. Transparency TM-III-7, showing the "6 C's of Credit," could be projected while playing the game to serve as answer cues.

ASSIGNMENT SHEET #8

An attorney would serve as an excellent reference resource to provide information to answer the assignment questions.

PLANNING CREDIT BUYING
UNIT III

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Bank credit card--A type of identification card issued by a bank which entitles the holder to "charge" a wide variety of goods and services simply on his or her signature and presentation of the card. Background and credit check usually are done on applicant before issuance.

B. Bill consolidation--The act of bringing together all financial obligations selected under one payment agreement, contract or note. The consolidation "loan" carries its own credit charges.

C. Credit--An economic practice by which a consumer may obtain goods, services or cash for immediate use and repay through future time period agreements.

D. Credit rating--An evaluation of a debtor's willingness and ability to pay debts based on past financial performances and current economic standing.

E. Collateral--Things of value pledged as security for a loan. If the debtor defaults on the loan repayment, the things "put up" as collateral may be "taken" by the creditor for payment.

F. Garnishment--A court order presented by a creditor to a debtor's employer requiring that part of a debtor's wages be (garnished) paid to a creditor because payments on a debt are overdue.

G. Installment credit--Credit through which an item is bought and paid for in installment payments within a specified period of time.

H. Open book (charge) accounts--Credit passes to buyer at the time of sale with this type of account and finance charges are included in the price of goods. The account holder has 30 days in which to pay with no credit cost.

Related Materials

I. Opportunity costs--The economic process of measuring the value of a specific item by an alternative item that could be had for the same comparable price.

J. Principal--The original or "face" amount of a loan or deposit on which interest money is payable.

K. Repossession--The act of "taking back" or recovering goods from a purchaser who fails to pay for them.

L. Revolving (open end) credit--A form of credit which provides the customer with a "line of credit" up to a certain amount. Payment usually is made on a partial monthly minimum plan with finance charges being based each month on the unpaid balance.

M. Security--Something of value pledged as a "gift" to the creditor if the loaned money is not repaid.

N. Uniform Consumer Credit Code (U.C.C.C.)--A plan which would regulate and make similar interstate credit laws.

O. Wage assignment--A clause usually appearing in an installment contract which states that the credit consumer's employer may be requested to collect part of the employee's wages to pay the debt of the contract. Assign. #1

II. Using credit

A. Meaning of consumer credit TM-III-1

B. Place of credit in the economy TM-III-2

1. Market supply and demand

2. Opportunity costs

3. Economic decision-making

C. Reasons for using credit TM-III-3

1. Major purchases

a. Shelter
b. Transportation

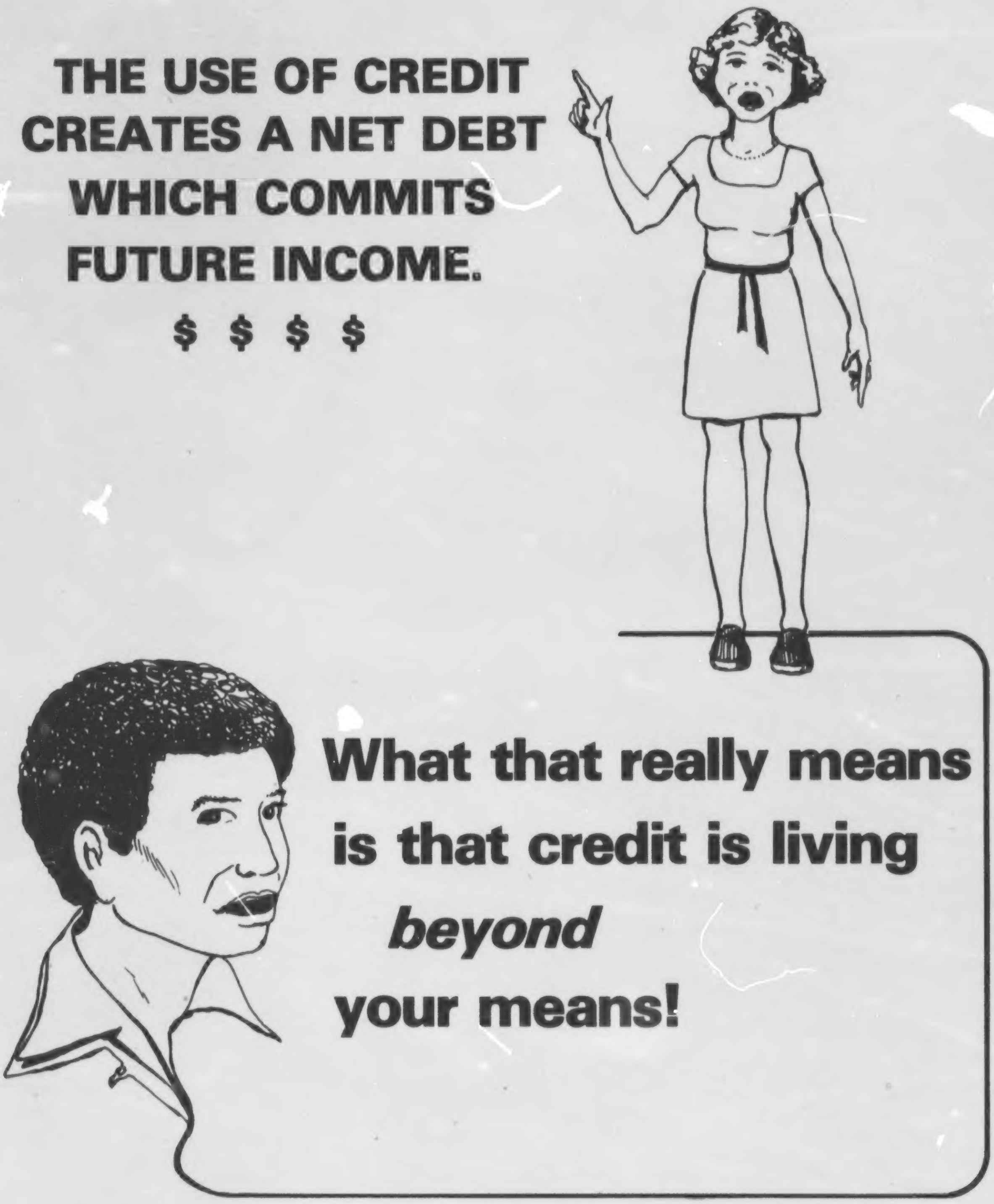
INFORMATION SHEET

	Related Materials
c. Furniture	
d. Appliances	
2. Emergencies	
3. Flexibility	
D. Types of consumer credit	TM-III-4 Assign. #2 Assign. #3
1. Installment contracts	
2. Personal loans/cash	
3. Bank credit cards	
4. Charge accounts (open book)	TM-III-5
5. Revolving credit	
E. Advantages and disadvantages of credit use	Assign. #4
F. Alternatives to using credit	
III. Legal aspects of using credit	
A. Liabilities of credit contracts and accounts payable	
B. Legal rights and obligations of creditors and debtors	
C. Consequences of failure to meet obligations	
D. Consumer credit protection	
1. Uniform Credit Code	
2. Truth-in-Lending Act	
3. Better Business Bureau	
IV. Figuring the cost of credit	Assign. #5
A. Calculating interest	
B. Calculating installment costs	

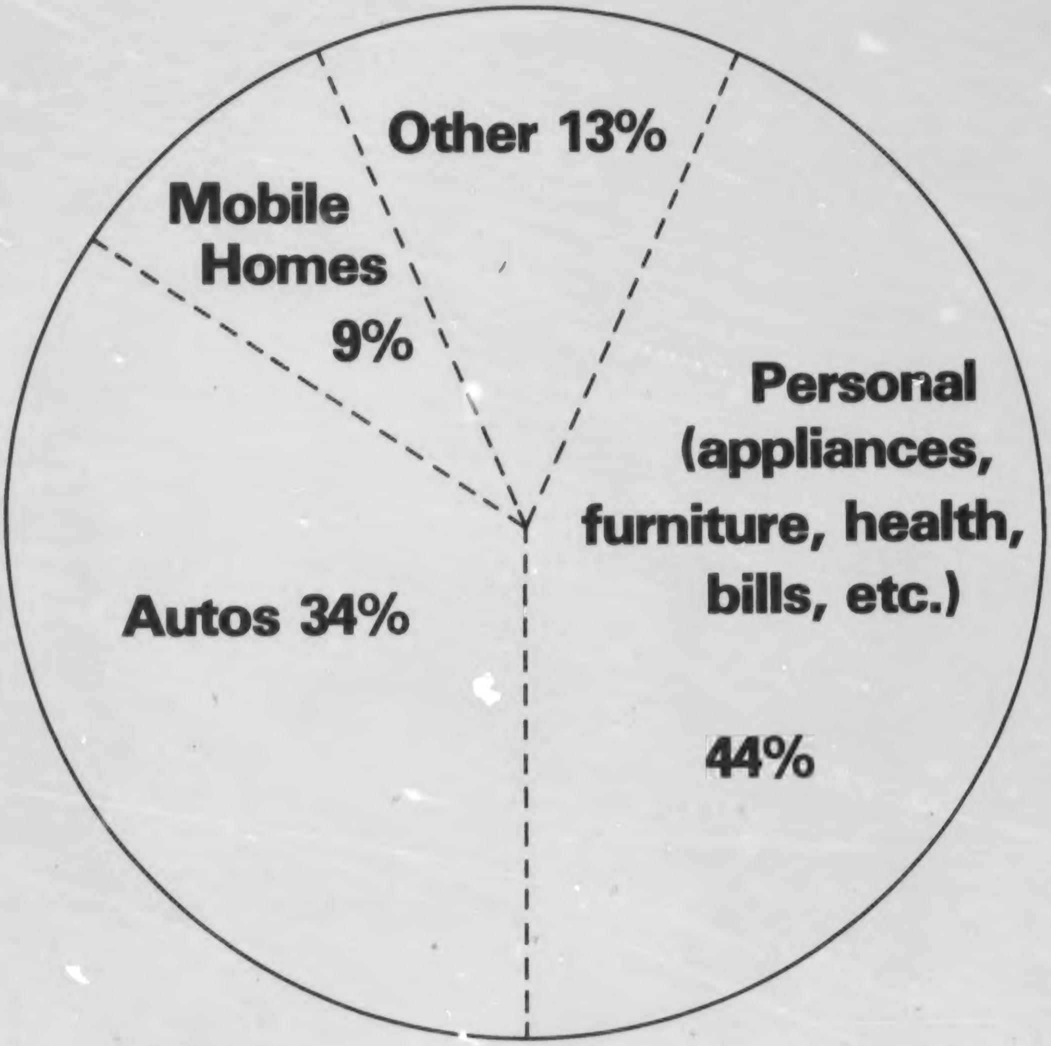
	Related Materials
V. Good credit rating establishment	TM-III-6
A. Stability of employment	Assign. #6
B. Level of education	
C. Stability of income	
D. Stability of residence	
E. Past payment records	
F. Spending patterns	
G. Legal record	
H. Maturity and honesty	
I. Available collateral	
J. The 6 C's of credit	TM-III-7
VI. Results from misuse of credit	TM-III-8 TM-III-9 TM-III-10 Assign. #7
A. Emotional strain	
B. Overextension of debt	
1. Repossession	
2. Garnishment	
3. Wage assignment	
VII. Aid for overextension	
A. Counseling	
B. Extended payment plans	
C. Bill consolidation	
D. Bankruptcy and the Federal Bankruptcy Act	Assign. #8
1. Chapter XIII Wage Earner's Plan	
2. Filing a petition	

THE USE OF CREDIT CREATES A NET DEBT WHICH COMMITS FUTURE INCOME.

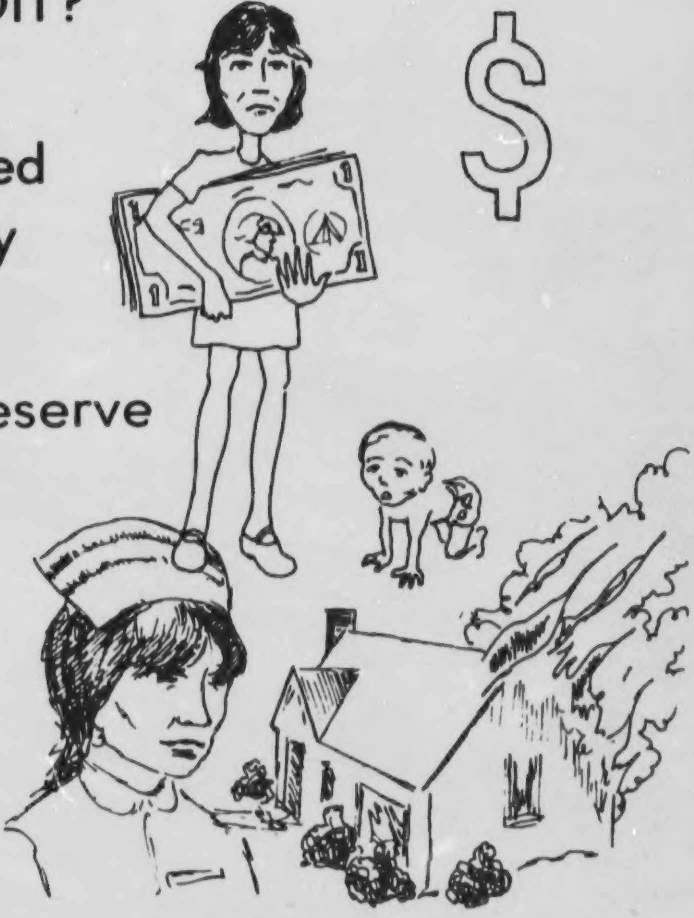
$ $ $ $


What that really means is that credit is living *beyond* your means!

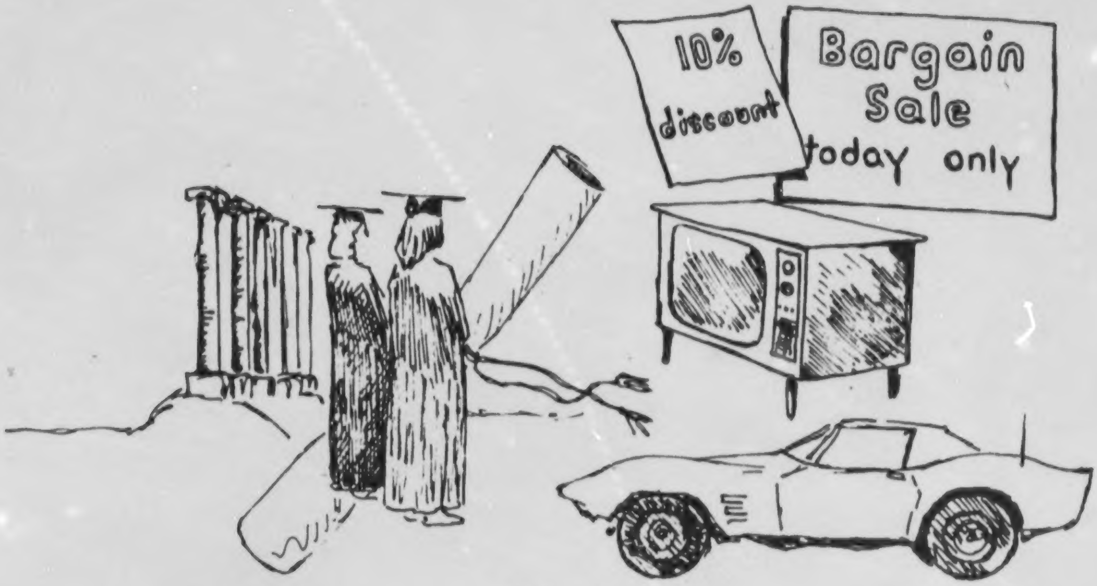
The Average Amount Borrowed in 1975 Was $993. And It Was Used For - - -



WHY USE CREDIT?



1. It's convenient--no need to carry lots of money around
2. Gives a ready cash reserve
3. You can take advantage of sales
4. Helps acquire those "big cost" items


10% discount
Bargain Sale today only

TYPES OF CHARGE ACCOUNTS AND CREDIT CARDS

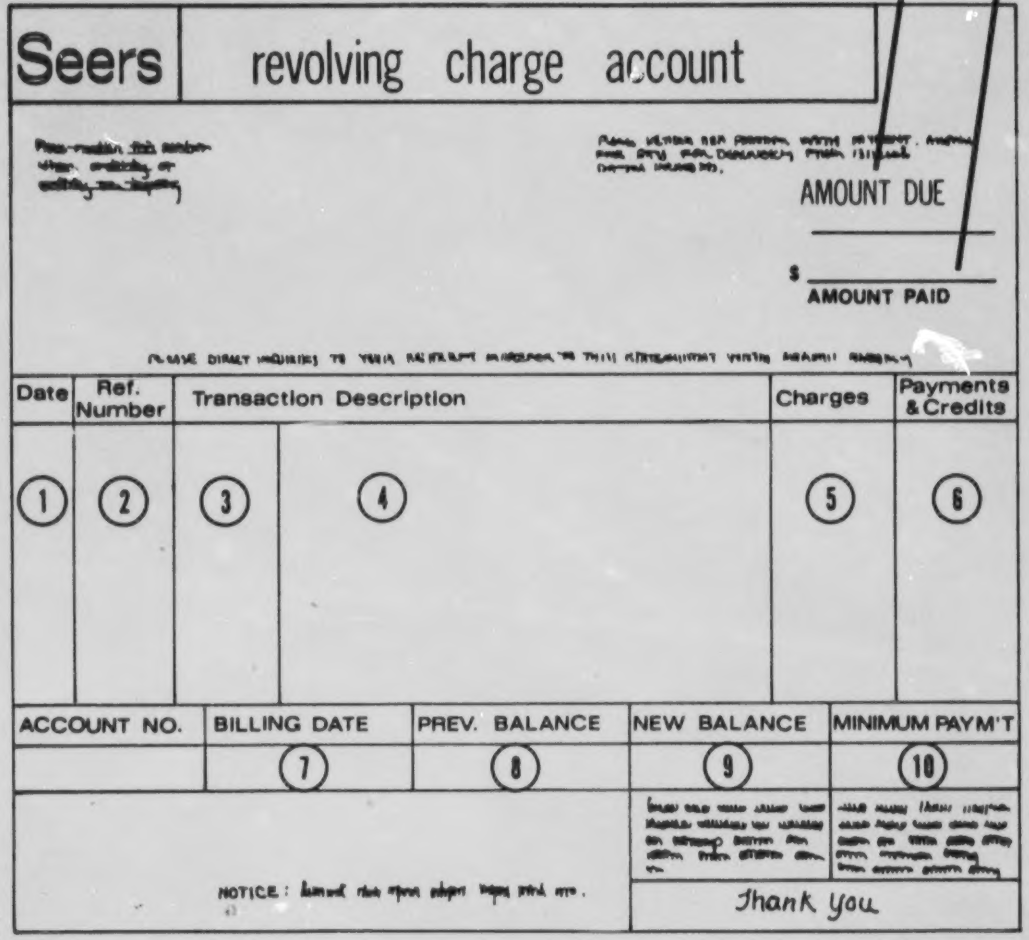
TYPE	EFFECTIVE COST	CONDITIONS OF PAYMENT	MAXIMUM CREDIT LIMIT	MAXIMUM PAYMENT PERIOD
Open book account	No charge for use of service	Debts must be resolved within 30 days of receipt of bill.	At individual creditor's discretion	30 days
Budget charge account	1.5% monthly (18% annually on the unpaid balance	Only a specific portion of the bill must be paid within 30 days (at no charge).	Set by creditor for each account	3 to 12 months
Option charge account	1.5% (18% annually) on the unpaid balance	Consumer has the option of paying all or part of the debt within 30 days (at no charge).	At individual creditor's discretion	3 to 6 months
Revolving charge account	Refers to a feature of	some budget and option	charge accounts	
Bank credit card accounts	1.5% (18% annually) on the unpaid balance up to $1,000; lower rates for larger amounts	No charge for debts resolved within 25 days of the billing date. Commonly a fixed amount or percentage of debt outstanding is required to be paid monthly.	Set by creditor for each account	Determined by conditions of payments and maximum credit limit
National credit cards	1.5% monthly (18% annually) on unpaid balance; also, a fixed annual membership fee	No charge for debts resolved within 30 days days of receipt of bill.	At discretion of credit card issuer	At discretion of credit card issuer

Analyzing a Monthly Charge Statement -

AMOUNT DUE
The installment payment due on your account as well as the new balance are shown here.

AMOUNT PAID
Please enter the amount you are sending and enclose this part of your statement.

ACCOUNT NUMBER
Whenever you are buying, paying, returning merchandise or just inquiring about your account—**ALWAYS MENTION THIS NUMBER.**



Seers revolving charge account

AMOUNT DUE

$ ______

AMOUNT PAID

Date	Ref. Number	Transaction Description		Charges	Payments & Credits
①	②	③	④	⑤	⑥

ACCOUNT NO.	BILLING DATE	PREV. BALANCE	NEW BALANCE	MINIMUM PAYM'T
	⑦	⑧	⑨	⑩

NOTICE:

Thank you

Check Each Item Below with Your Own Statement

1. **DATE** — This is the date on which each transaction was posted to your account.
2. **REFERENCE NUMBER** — Describes the transaction to Credit Sales Dept. personnel in the event you have a question regarding it.
3. **TRANSACTION DESCRIPTION** — Catalog Sale, Retail Sale, Return, Payment, Finance Charge, etc.
4. **DEPARTMENT NUMBERS** — Indicate the type of merchandise you purchased or returned. On the back of the statement you will find the kind(s) of merchandise carried in each department.
5. **CHARGES** — These are the amounts being added to your account.
6. **PAYMENTS AND CREDITS** — These are the amounts being subtracted from your account.
7. **BILLING DATE** — Month, day and year on which statement was prepared.
8. **PREVIOUS BALANCE** — This was the balance remaining at the beginning of the current billing period.
9. **NEW BALANCE** — Balance remaining at the end of the current billing period.
10. **MINIMUM PAYMENT** — This is the minimum amount you are required to pay on your account.

WHAT CREDIT BUREAUS KNOW ABOUT YOU

IDENTITY

YOUR PARENTS, YOUR AGE
HOW LONG AT PRESENT ADDRESS
NEIGHBORHOOD
WHETHER YOU ARE "PERMANENT"
HOW MANY DEPENDENTS

CHARACTER

WHAT OTHERS THINK OF YOUR MORALS
WHETHER YOU TEND TO OVERBUY
HOW STEADY YOUR WORK IS
WHETHER YOU INDULGE IN DRINK OR DRUGS

HISTORY

HOW OFTEN YOU HAVE MOVED
REPUTATION OF YOUR PLACE OF WORK
CREDIT RATINGS YOU HAVE LEFT BEHIND

RESOURCES

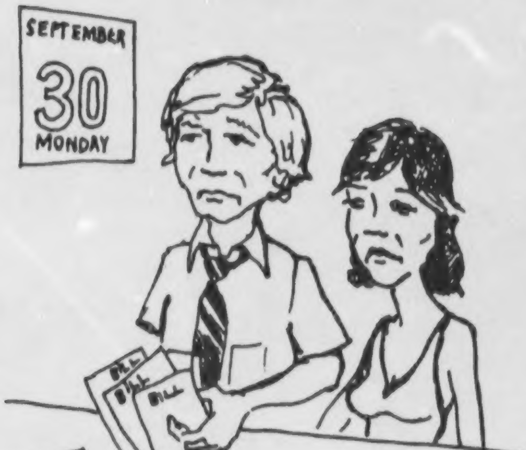
REGULARITY OF INCOME
AMOUNT OF YOUR INCOME SOURCES
YOUR ESTIMATED WORTH
YOUR DEBTS
YOUR BANKER'S OPINION OF YOUR FINANCIAL STATE

Credit is earned by the six C's . . . .

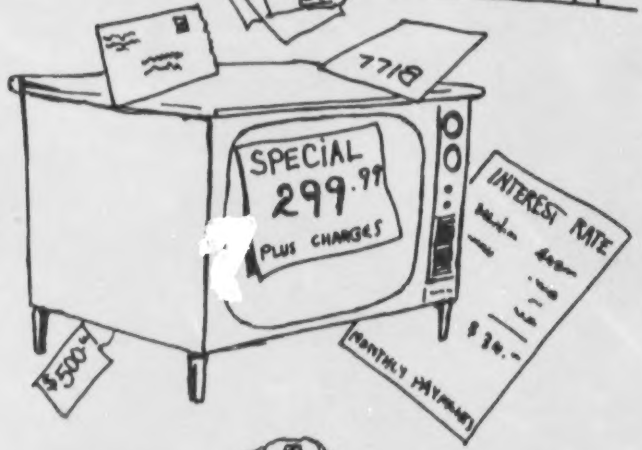
1. Character of applicant
2. Capacity to repay
3. Capital availability
4. Conditions of agreement
5. Collateral to back up credit
6. Common sense toward credit

USE IT WISELY!

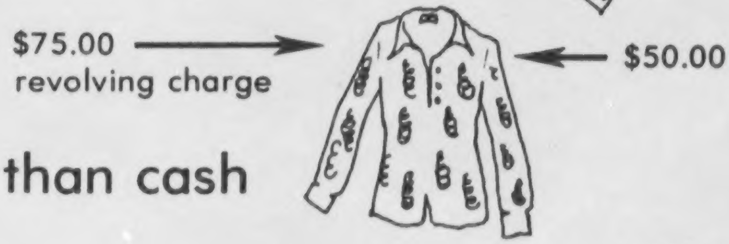
PITFALLS OF CREDIT USE


SEPTEMBER
30
MONDAY
BILL
BILL
BILL

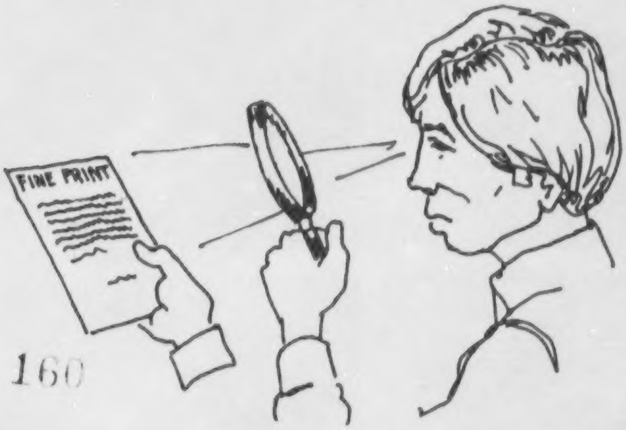
1. Over spending


BILL
SPECIAL
299.99
PLUS CHARGES
INTEREST RATE
$34.-
MONTHLY PAYMENTS
$500.00

2. "Hidden" costs


$75.00
revolving charge
$50.00

3. Costs more than cash

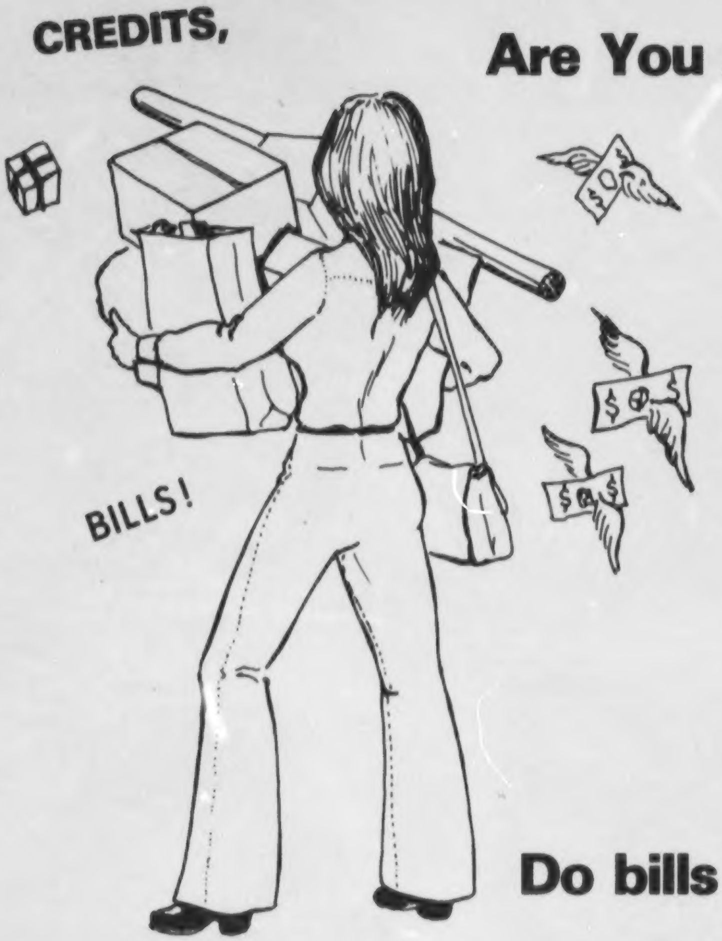


4. May be more easily misled

BEWARE! BE WISE!
Keep credit use down to size!

1. Don't overbuy
2. Know the exact TOTAL you owe
3. Don't be afraid to ask questions
4. Choose credit source carefully
5. Plan your spending - Budget credit

Are You A CREDIHOLIC?



Do bills remain unpaid?

Do you spend more than you earn?

**Do you get depressed
near the end of each pay period?**

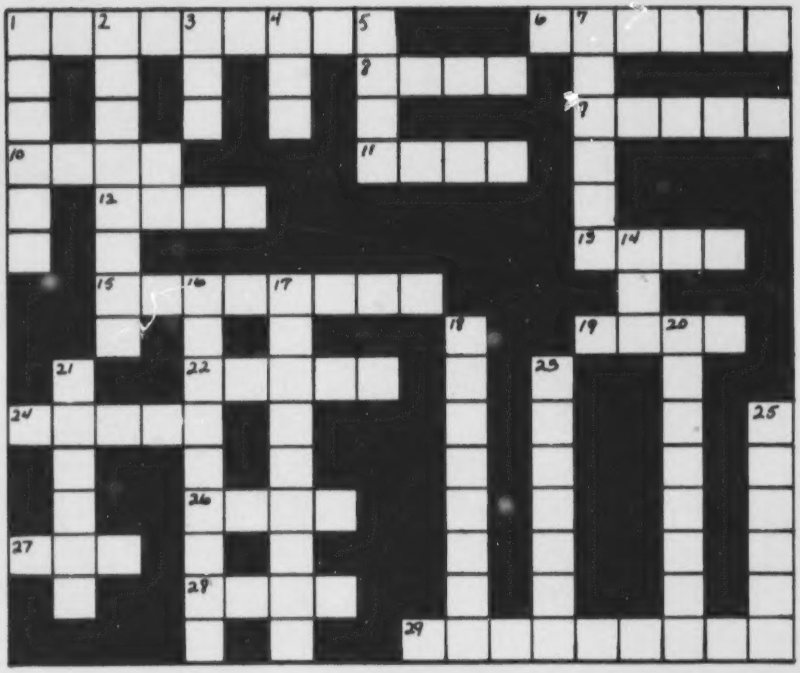
**Are you in a vicious
"never enough money"
cycle?**

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #1: CREDIT CROSSWORD PUZZLE

Directions: Using terms commonly associated with the use of credit, complete the crossword puzzle.


1
2
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23
24
25
26
27
28
29

ACROSS

1. Interest is based on ___
6. Purchasing without cash is using ___
8. Be careful not to ___ spend when using credit
9. Credit ___ identify the purchaser and account
10. Credit is not ___
11. Promissory ___
12. Percent at which loan is borrowed
13. A ___ payment is required on installment purchases
15. A form of collateral
19. A credit ___ is issued for a return of merchandise
22. You must ___ for a loan or credit
24. The signer of a note is the ___
26. Used when not purchasing on credit
27. Interest abbreviation
28. An ___ payment plan is one type of installment plan
29. Complete record of account

DOWN

1. Excess over expenses
2. Charge on loans
3. Can purchase with loan
4. You must ___ for your loan
5. Money extended to you
7. Statement of account
14. You ___ your creditor
16. Loans are based on the borrower's ___
17. Companies may ___ your purchase if you default in payment
18. You must sign a ___ to secure a loan
20. A ___ may be offered as security
21. The extension of credit is based on your credit ___
23. One should keep his or her ___ of payment for several years
25. One type of receipt is the sales ___

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #2: COMPARING DIFFERENT TYPES OF CONSUMER CREDIT

Directions: You will investigate the availability, scope, cost and ease of securing different types of consumer credit by completing the comparative research form on the back of this page.

TYPE CREDIT (DEFINED)	LOCAL AGENCIES OFFERING THIS CREDIT	MAXIMUM AMOUNT AGENCY WILLING TO LEND	ANNUAL PERCENTAGE RATE (APR)	EASE OF SECURING CREDIT--CREDIT CHECK, COLLATERAL, ETC.
1. Open Book Charge Account:				
2. Revolving Credit:				
3. Bank Credit Cards:				
4. Installment Credit:				
5. Personal Loan:				

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #3: COMPLETING A SALES CONTRACT

Part One

Directions: Read the sample sales installment contract on the back of this page. Then answer these questions:

1. Does the contract specifically state the cost of credit? ____
   Where? ______________________
2. Does the contract clearly tell the buyer when the installment payments are due? ______________________________
3. Does the contract clearly state how much each installment payment will be? ______________________________
4. If the buyer does not make the installments and defaults on the contract, what actions will the seller take? __________
   ____
5. After signing the contract, can the buyer talk to the seller and change the specified amount of each installment (as long as the total is paid someday)? ______________________________
   ____
6. Is there an age limit for the buyer? _____ If so, what is it? _____.

Part Two

Directions: Using the specific facts given below, fill in and complete the sample sales contract.

Terry Morris, who lives at 3114 Windsor Drive of this city, purchased from Langley Jewels, 814 Main Street, on October 22, 19--, a .57 carat round diamond ring.

The ring is mounted in a 6-prong solitaire white gold setting and contains no other jewels. The stock number for the ring is WJ-57W-0360 and it sells for $600, plus 4% state sales tax. There is no federal excise tax on diamonds.

Terry took advantage of Langley's "Bright Promise Diamond Plan" and paid 1/3 of the purchase price as a down payment and therefore qualified for the plan's low credit charge of 10% annually. He will pay the remaining balance plus the 10% interest (based on cash and tax price) in twenty-two equal payments which will become due the fifteenth of each month beginning next month.

Since 1898

LANGLEY JEWELS

Date ____________________ Buyer's name ____________________

Seller ____________________ Address ____________________

Address ____________________ ____________________

____

I, (meaning buyer), purchase from the seller the following:

Item ____________________ $ ____________

____________________ ____________

____________________ ____________

Cash Price	$ ________	Total Amount Owed	$ ________
Sales Tax	________	Down Payment	
Federal Tax	________	Cash	________
Credit Service Charge	________	Trade-in	________
		Balance	________
APR. ________%			$ ________

which is payable in installments of $ ________ on the ______ day of each month beginning ______. In case of default, the total amount due is collected by the seller's attorney and, in addition, the buyer pays the attorney's fee not exceeding 20% of the amount.

Title to the item under this contract is retained by the seller until full payment is received. The buyer will keep the goods safely, will pay all taxes on goods and will not attempt to sell goods without the seller's consent in writing.

The full balance will become due on default without notice to buyer, and seller may repossess goods and collect expenses. The buyer waives the right to jury trial in any law suit based on this contract. The buyer has the right to redeem goods or require their sale at public auction according to the law of this state.

This is our entire agreement which the buyer promises to perform. It cannot be changed orally. Seller is responsible for his or her obligations assigned in this contract. The buyer is over 21 years of age and is authorized to sign the agreement.

THIS IS A CONDITIONAL SALES CONTRACT

Accepted:

Seller's Signature ______________ Buyer's Signature ______________

Date ______________ I have received a signed copy of this contract.

Buyer's Signature ____________________

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #4: ROLE PLAYING WITH CREDIT--ITS PROS AND CONS

Directions: The role playing situation involves two students window shopping along Main Street. One student spies a display of new stereo sets on sale. He or she wants to rush into the store immediately and buy the set--on credit. The second student asks if the set couldn't be purchased with cash. "But I'm already flat broke for this month!" the first student cries. Then the two "argue" the advantages and disadvantages of using credit. Construct your own ending on how the stereo set was purchased.

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #5: COMPUTING THE COST OF CREDIT

Directions: A business offering services must charge enough for these services to pay the expenses of doing business and to assure a reasonable profit. If a consumer is allowed by a business to use money or goods for a specific period of time without paying for them, this is a service called credit. Businesses charge for the use of this service by charging a percentage rate of interest.

Using one of the two formulas below, compute the cost of credit for each of the following statement situations:

FORMULA I	EXAMPLE
Amount of Payment	$ 47.50
x No. of Payments	x 12 monthly
Total consumer pays	570.00
-Value of item purchased (sale price)	-500.00
Cost of credit	$ 70.00

FORMULA II	EXAMPLE
Value of item purchased (sale price)	$500.00
x True annual percentage rate	x .14
Cost of credit for 12 months	$ 70.00

* * * * *

Situations	Cost of Credit
1. Jimmy purchased a set of *Handyman How-to* books for $75 and on the publisher's easy-payment plan, he made payments of only $7.50 a month for one year. What was his cost of credit?	______________
2. Carol used her revolving credit card at the department store and bought a winter coat (originally selling for $120) on sale for $85. By charging the purchase, she was charged an annual percentage rate of 18%. What would be the cost of credit at the end of the year?	______________

Situations	Cost of Credit
3. Susan bought a used lawnmower for $62.50. The shop owner set up a special payment plan which let Susan make three payments a year of $3.0 each. What was the cost of credit?	________
4. Elliott and Edward bought a second-hand television set from a pawnshop for $40. They agreed that each of them would pay the pawnshop owner $2 monthly for a period of two years. What is the total cost of credit on the television?	________
5. What is the cost of credit on a personal loan of $950 for one year at an annual percentage rate of 14%?	________
6. Marsha purchased a $150 sewing machine and signed an installment agreement to pay $10 a month for 18 months. What is the cost of credit?	________
7. Fred bought a stereo receiver for $350 and used his bank credit card to charge the purchase. The credit card charges 12% annual interest but doesn't specify a pay limit. Fred paid the entire account in one month. What was his cost of credit for the one month?	________
8. Ann received an advertisement in the mail which read: "Buy this lovely set of fine china for only $125 plus a small 1½% finance charge per month for one year." If Ann purchased the set, what would be the annual cost of credit?	________
9. Linda bought a new sports car for $8,400 which, the dealer pointed out, *included* the cost of a 12% annual credit charge. Linda decided to buy the car and took out a loan for $8,400 at 10% APR with the dealer (because 10% was a good auto loan rate). What was the total cost of credit Linda actually would be paying per year?	________
10. Bill's mother just bought a new electric dishwasher for $240 on a credit payment plan which states that she must pay $1 twice a month for a year. What is the percentage rate of her cost of credit?	________

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #6: CONSIDERATIONS FOR ESTABLISHING A GOOD CREDIT RATING

Directions: You will draw a question slip which contains questions commonly asked when investigating a person's credit history. It will be your task to explain why this question information is important as a basis for determining the value of granting a personal loan. Don't forget to identify to which of the "6 C's of Credit" the question relates.

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #7: CASE STUDY ON THE RESULTS FROM MISUSING CREDIT

Directions: Ray and Susan Standford have come to you for help. You are a "Crediholic Counselor" at the local Financial Counseling Center. Read the following case history. Answer the diagnostic questions that follow and give your "prescription" to help them out of their overextension of credit:

* * * * *

"Counselor, we need help. We're in debt so far now I just don't know what to do," Ray stated sadly.

"We're desperate! What can a person do when he has to use food money to pay the light bill, and that still doesn't begin to pay all the other bills that are piling up?" Susan added.

"We're slipping so far behind," Ray continued, "it would take two months' salary from both of us to catch up on our utility bills, and that doesn't even count our rent, car payments, stereo and color TV--or Susan's load of new clothes she just *had* to buy!"

"Ray, I've explained a thousand times I had to buy something decent to wear when I *had* to start back to work!" Susan exclaimed angrily. She added in exasperation, "Besides, I wouldn't have had to start working again if you didn't spend every extra penny you earned on that expensive stereo stuff!"

"OK, OK!" Ray yelled, "but at least I don't charge everything I see! I try my hardest to pay cash, you know."

Both Ray and Susan appeared depressed--almost desperate. They were honest, hard-working people who couldn't figure out how they overextended themselves. When they realized how badly they were in debt, they believed the only course of action left for them to take was to declare bankruptcy and "start over."

DIAGNOSTIC QUESTIONS

1. Is there evidence of emotional strain? Explain.

2. Do you feel this strain could extend itself to affect Susan and Ray's marriage and on-the-job performance?

3. Do you feel that the only course of action left to take would be to petition for bankruptcy?

4. Can a person simply "start over" after declaring bankruptcy? Explain.

5. Can you identify specific "blunders" that each one committed which caused the overextension?

6. Can you give suggestions on items that they might sell to give them quick cash?

7. List available aids to help "overextenders."

8. Describe your personal prescription (plan of action) to help them with their problem. Be specific and give step-by-step procedures.

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

ASSIGNMENT SHEET #8: REPORT ON BANKRUPTCY

Directions: Investigate the subject area of bankruptcy by finding answers to the following areas and then reporting a summary of your research by discussing with your groups the topic "How to Go Bankrupt and My Feelings on the Subject."

1. Where does a consumer go to file for bankruptcy?
2. Whom should a person contact to find information on how to proceed?
3. Is there a fee for filing a bankruptcy petition? If so, what is the amount?
4. Must you hire a lawyer to declare bankruptcy?
5. Is there more than one type of bankruptcy?
6. What is Chapter XIII of the Federal Bankruptcy Law?
7. What is the Wage Earner's Plan?
8. Is a petitioner appointed a trustee? If so, describe a trustee's duties.
9. How does the Wage Earner's Plan work?

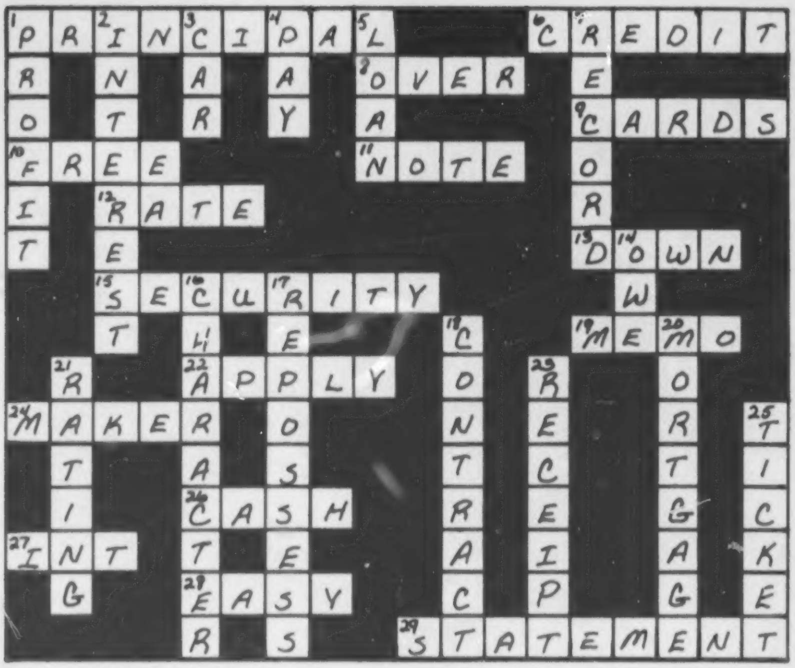
10. Do you automatically give up all your assets and savings when declaring bankruptcy?

11. Will there always remain a permanent record of your bankruptcy?

PLANNING CREDIT BUYING
UNIT III

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1


1 PRINCIPAL
1 PROFIT
2 INTEREST
3 CAR
4 PAY
5 LOAN
6 CREDIT
7 RECORD
8 OVER
9 CARDS
10 FREE
11 NOTE
12 RATE
13 DOWN
14 OWE
15 SECURITY
16 CHARACTER
17 REPOSSESS
18 CONTRACT
19 MEMO
20 MORTGAGE
21 RATING
22 APPLY
23 RECEIPT
24 MAKER
25 TICKET
26 CASH
27 INT
28 EASY
29 STATEMENT

ASSIGNMENT SHEET #2

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #3

Part One

1. Yes--listed under "credit service charge," APR (annual percentage rate) and on exact amounts of installments to be made.
2. Yes
3. Yes
4. It could be collected through seller's attorney (with buyer paying his or her fee not exceeding 20%), or seller could repossess goods and could file suit with waived right to jury trial for buyer.
5. No, a new contract must be written and signed. Oral changes are void.
6. Yes--21 years of age.

Part Two

Continued on the next page.

ASSIGNMENT SHEET #4

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #5

1.	$15	($7.50 x 12 = $90.00 - $75.00)
2.	$15.30	($85.00 x .18)
3.	$27.50	($30.00 x 3 = $90.00 - $62.50)
4.	$56.00	($4.00 x 24 - $96.00 - $40.00)
5.	$133.00	($950.00 x .14)
6.	$30.00	($10.00 x 18 = $180.00 - $150.00)
7.	$3.50	($350.00 x .12 = $42.00 ÷ 12)
8.	$22.50	(.015 x 12 = .18 x $125.00)
9.	$1,848.00	(8,400.00 x .12 = $1,008.00) (8,400.00 x .10 = 840.00) =
10.	10%	($1.00 x 2 = $2.00 x 12 = $24.00 $240.00 ÷ $24.00 = 10 ÷ 100)

ASSIGNMENT SHEET #3 continued

LANGLEY JEWELS

Date October 22, 19-- Buyer's name Terry Morris

Seller Langley Jewels Address 3114 Windsor Drive

Address 814 Main Street

I, (meaning buyer), purchase from the seller the following:

Item	One (1) round cut diamond .57 carat, white gold solitaire ring #WJ-57W-0360	$ 600

Cash Price	$ 600.00	Total Amount Owed	$ 686.40
Sales Tax	24.00	Down Payment	
Federal Tax	--	Cash	200.00
Credit Service Charge	62.40	Trade-in	--
		Balance	486.40
APR. 10 %			$ 486.40

which is payable in installments of $ 21.20 on the 15 day of each month beginning November . In case of default, the total amount due is collected by the seller's attorney and, in addition, the buyer pays the attorney's fee not exceeding 20% of the amount.

Title to the item under this contract is retained by the seller until full payment is received. The buyer will keep the goods safely, will pay all taxes on goods and will not attempt to sell goods without the seller's consent in writing.

The full balance will become due on default without notice to buyer and seller may repossess goods and collect expenses. The buyer waives the right to jury trial in any law suit based on this contract. The buyer has the right to redeem goods or require their sale at public auction according to the law of this state.

This is our entire agreement which the buyer promises to perform. It cannot be changed orally. Seller is responsible for his or her obligations assigned in this contract. The buyer is over 21 years of age and is authorized to sign the agreement.

THIS IS A CONDITIONAL SALES CONTRACT

Accepted:

Seller's Signature [illegible] Buyer's Signature Terry Morris

Date October 22, 19-- I have received a signed copy of this contract.

Buyer's Signature Terry Morris

ASSIGNMENT SHEET #6

QUESTIONS:

1. Has your family had credit with this store?
2. How long have you worked at this job?
3. What are your earnings?
4. How much is your rent?
5. Do you have any outstanding loans?
6. What other payments are you making?
7. What is your philosophy on credit?
8. Have you ever been convicted of a felony?
9. What is your level of education?
10. Do you own a home or rent?
11. Have you ever been overdrawn in your checking account?
12. Do you have credit references locally?

ANSWERS:

1. Stability of residence; available collateral; capital availability
2. Stability of income; employment dependability; stability of residence; character
3. Capacity to repay; past payment records
4. Capacity to repay; spending patterns
5. Spending patterns; capacity to repay; capital availability
6. Spending patterns; capacity to repay; capital availability
7. Common sense toward credit; character; maturity and honesty
8. Character of applicant; legal records
9. Capacity to repay
10. Available collateral; stability of residence
11. Spending patterns; common sense; character
12. Character; stability of residence

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #7--(suggestions)

1. Yes--their depression, sense of desperation and irritation with one another.
2. Yes--stress, strain and worry have been proven to affect both adversely.
3. No--they are both still earning incomes and have assets, so there are many possible remedies for their problem besides bankruptcy.
4. No--although your previous creditors have been "paid," the social stigma and "blacklist" on credit ratings will generally never be erased.
5. Poor budgeting (they had to use food money to pay utility bills), overpurchasing with charge accounts and installment contracts (for Susan's new wardrobe and Ray's stereo besides the color television and car payment contracts), etc.
6. Stereo, color television, perhaps some of Susan's new clothes or even their car if transportation alternatives were available (car pools, bus, etc.)
7. Counseling, extended or level payment plans, bill consolidation loans, wage assignment or garnishment.
8. Answers will vary.

ASSIGNMENT SHEET #8--(suggestions)

1. Federal court clerk
2. An attorney, a federal court clerk, etc.
3. Yes--usually from $50 for voluntary bankruptcy to $500 for involuntary
4. No--but one is recommended.
5. Yes--voluntary and involuntary (using the Chapter XIII provisions of the law) and straight.
6. A provision which permits the debtor, creditors and a referee (trustee)--all supervised by a federal judge--to get together to work out a plan for the debtor to pay his or her debts on an installment basis.

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ASSIGNMENT SHEET #8 continued

7. Another name for Chapter XIII of the Federal Bankruptcy Law--named because it protects the wages and essential property of a debtor who wants to stay away from straight bankruptcy.

8. Either the debtor gets a written extension of his or her debts (with more time to pay in full); or, less commonly, arranges a "composition" in which the debtor pays off only a certain percentage of the amount owed each creditor.

9. Under Chapter XIII, a debtor makes the wage earner plan payments to a trustee, who acts as a liaison and then pays the creditors. A trustee represents the federal government, which acts as a collection agency.

10. No--only for straight bankruptcy, which is taken to full court.

11. Yes--court records are usually included in any credit rating checks.

Name ______________________________

PLANNING CREDIT BUYING
UNIT III

TEST

1. Match the terms appearing on the left with the terms, concepts or phrases listed in the column on the right. Write the letter of the associated phrase in the space next to the term.

____ a. Bank credit card
____ b. Bill consolidation
____ c. Credit
____ d. Credit rating
____ e. Collateral
____ f. Garnishment
____ g. Installment credit
____ h. Open book
____ i. Opportunity costs
____ j. Principal
____ k. Repossession
____ l. Revolving credit
____ m. Security
____ n. U.C.C.C.
____ o. Wage assignment

A. Weighing alternatives
B. One payment instead of many
C. Thirty-day account
D. Court order wage "deduction"
E. Open-end credit
F. Partial payments each month
G. Seller takes back goods
H. Pledge of security
I. Using tomorrow's money today
J. 6 C's
K. "Mastercharge"
L. "Face" amount on a loan
M. Collateral
N. Uniform interstate laws
O. Installment contract clause

2. Answer the following questions using the types of consumer credit listed below:

   Open book account
   Revolving credit
   Bank credit card
   Installment credit
   Personal loan

   a. Which type of credit gives the user the greatest buying freedom as related to having cash on hand to use when and where he or she chooses?

   b. Which type of credit would be the easiest and safest to use if a user traveled around much of the time?

   c. Which type of credit involves the signing of a sales contract specifying the number and amounts of the partial payments to be made?

   d. Which type of credit charges no finance charge if the total of the credit bill is paid within a month?

   e. Which type of credit offers customers the use of credit up to a set maximum limit, with finance charges based on the unpaid balance?

3. Describe a consumer's responsibilities and rights when using credit.

Name ______________________________

TEST

4. Using the information given in the situations below, compute the dollar cost of credit per year.

____ a. Roger purchased a new bicycle costing $100 and carrying an annual interest rate of 18.8%.

____ b. Shirley exercised her installment credit privileges and bought a new watch. She will make monthly payments of $4.75 for a year on the $50 watch.

____ c. Larry needed $1,000 to pay for college tuition. He applied for a student loan for that amount at 14% annual interest.

____ d. Carol bought a used car from Easy Sam car dealer for $600. Because Carol was under 25 years old, Easy Sam said he must charge her 26.5% annual interest.

____ e. Bill and Barbara bought a dining room suite. They will make payments for 12 months of $40 on the $400 set of dining room furniture.

5. List six considerations in establishing a good credit rating, which are commonly called "The 6 C's of Credit."

a.

b.

c.

d.

e.

f.

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6. a. Identify some results of misuse of credit.

b. Identify aids available for "overextenders."

PLANNING CREDIT BUYING
UNIT III

ANSWERS TO TEST

1. a. K
   b. B
   c. I
   d. J
   e. H
   f. D
   g. F
   h. C
   i. A
   j. L
   k. G
   l. E
   m. M
   n. N
   o. O

2. a. Personal loan
   b. Bank credit card
   c. Installment credit
   d. Open book account
   e. Revolving credit

3. (suggestions)

The major responsibility of a consumer using credit is to keep his or her "promise" to pay or repay the money. As long as the consumer is meeting the repayment responsibility, he or she has the right to continue to use the goods or services as he or she pleases.

4. a. $18.80
   b. $7
   c. $140
   d. $159
   e. $80

5. a. Character--of applicant
   b. Capacity--to repay
   c. Capital--available
   d. Conditions--of agreement
   e. Collateral--to back up credit
   f. Common sense--toward credit

6. a. RESULTS--emotional stress
   repossession of goods
   bad credit rating
   wage garnishment or assignment

   b. AIDS--counseling
   extended payment plans
   bill consolidation
   bankruptcy - Chapter XIII Wage Earner's Plan

YOUR TRANSPORTATION
UNIT IV

UNIT OBJECTIVE

After completion of this unit, the student should be able to investigate and analyze various modes of transportation to make a wise economic decision on the most practical transportation for his or her situation.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Define and use terms commonly associated with consumer transportation.
2. List and explain factors of consideration in choosing between public or private modes of transportation.
3. Discuss important factors to consider when shopping for an automobile.
4. Discuss methods and costs of financing a vehicle.
5. List the advantages and disadvantages of buying a motorcycle as a major mode of transportation.
6. Identify the factors to consider in purchasing automobile insurance.

YOUR TRANSPORTATION
UNIT IV

SUGGESTED ACTIVITIES

I. Instructor:

  A. Provide students with objectives sheet (preceding page)

  B. Order necessary pamphlets and other supplemental materials

  C. Provide students with information sheets and assignment sheets

  D. Make transparencies

  E. Discuss objectives

  F. Discuss information sheets, assignment sheets and topics in content outline

  G. Give test

II. Student:

  A. Read objectives sheet

  B. Study information sheet

  C. Complete assignment sheets

  D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

  A. Objectives sheet

  B. Information sheet

    1. Terms

    2. Content topic outline

  C. Transparency masters

    1. TM-IV-1: Public Transportation--Pro and Con

2. TM-IV-2: Your Car--Do You Lease or Buy?

3. TM-IV-3: Before You Leave the Lot, Check . . .

4. TM-IV-4: Sticker Markups

5. TM-IV-5: Car Buying Calendar

6. TM-IV-6: The Average Auto's Decline in Value

D. Assignment sheets

1. Assignment Sheet #1: Public or Private--Which Would You Choose?

2. Assignment Sheet #2: Role Playing--Buying a Car for Everyone!

3. Assignment Sheet #3: Leasing a Car

4. Assignment Sheet #4: Computing Sticker Markups on Cars

5. Assignment Sheet #5: Comparative Investigation on Auto Specifications

6. Assignment Sheet #6: Financing a Car Purchase

7. Assignment Sheet #7: Buying a Motorcycle

8. Assignment Sheet #8: No-fault Insurance Research

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Crocker, Betty. *More for Your Money.* New York: Western Publishing Co., Inc., 1976.

2. Jelley, Herbert M. and Robert O. Herrmann. *The American Consumer: Issues and Decisions.* New York: Gregg Division/McGraw-Hill Book Co., 1973.

3. Porter, Sylvia. *Sylvia Porter's Money Book*, Vol. I. Garden City, New York: Doubleday & Company, Inc., 1975.

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B. Booklets

1. *The Gasoline Mileage Book* by Dave Berrey
2. *Early Warning Book*
3. *Breakdown Book*
4. *Car Buying and Selling Book*
5. *100,000 Mile Book*
6. *Rush Hour Book*
7. *Driving Emergency Book*
8. *Car Repair Shopping Book*

Order from: Shell Answer Books
Shell Oil Company
P. O. Box 61609
Houston, TX 77208 (Free)

9. *Common Sense in Buying a Safe Used Car*. Washington, D.C.: U. S. Department of Transportation, National Highway Traffic Safety Administration, Office of Public Affairs and Consumer Services, 1976. (Free)
10. *Insurance for Your Health, Car, Life*. Pueblo, Colorado: Consumer Information Center. (Free)

C. Game

"Wheels." Minneapolis, Minnesota: Paul S. Amidon & Associates, Inc.

YOUR TRANSPORTATION
UNIT IV

UNIT NOTES TO THE TEACHER

In order to complete successfully many of the assignments contained within this unit, you will need to obtain copies of the pamphlets "Transportation Consumer Fact Sheet," "No-Fault Automobile Insurance" and issues of *Edmund's*. The pamphlets are available free from Consumer Information, Pueblo, Colorado 81009.

This unit contains a lot of investigative research activity and students may want to take a field trip to a large auto dealer showroom to obtain information on leasing, financing and buying a car and accessories.

A resource speaker debate panel could be arranged for the class by inviting an attorney and an insurance agent to discuss the various advantages and disadvantages of no-fault automobile insurance.

ASSIGNMENT SHEET #1

Consumer mathematics is used as an application basis for this assignment. A two-column "public vs. private" comparison list could be constructed on the chalkboard to complete the assignment. (See answer section for guide.)

ASSIGNMENT SHEET #3

Transparency Master TM-IV-2 correlates with this activity. Although the discussion questions are challenging, a local leasing agent could help with the explanations.

ASSIGNMENT SHEET #4

This learning activity requires coordination between Transparency Master TM-IV-4 and the assignment sheet handout. The material from *Edmund's* was based on a 1977 Chevrolet Chevette. You might contact an actual Chevy dealer to see what his or her lowest price would be for a Chevette with certain options; then compare.

ASSIGNMENT SHEET #5

Information to use for completion of this activity can be found in the automobile dealer showroom car model brochures, *Consumer Reports* issues or car magazines.

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YOUR TRANSPORTATION
UNIT IV

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Automobile Information Disclosure Act of 1959--A law that requires auto sellers to provide the prospective purchaser with the car's make, model, serial number and listing of all accessories, as well as the suggested retail price.

B. Balloon notes--A method of credit financing where the installment payments are relatively low at the start of the repayment period, with a large payment at the end.

C. Collision insurance--Auto insurance that pays for damage to your car when you hit another vehicle or object (such as a tree, telephone pole, etc.)

D. Comprehensive insurance--Auto insurance that covers a wide range of damage due to fire, theft, wind, floods and often limited protection against personal property left in a damaged car.

E. Deductible--An agreed upon amount of damage that you, not the insurance company, will pay on the total damages. Deductibles are usually in denominations of $50, $100, or $200. The larger the amount of deductible, the less the premium cost of the insurance.

F. Depreciation--The computed monetary drop in value of a car due to age and wear.

G. M.P.G. ratings--Gas mileage (miles per gallon) performance as a result of standardized driving-use tests.

H. No-fault auto insurance--A type of insurance policy which permits a policyholder involved in an auto accident to be automatically compensated without regard to which party caused the accident.

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	Related Materials
I. Odometer Law of 1972--A law making it illegal for anyone to do anything that would cause a vehicle's odometer (miles driven counter) to show the wrong mileage figure. It also requires anyone selling or transferring a vehicle (new or used) to provide the buyer with a signed statement indicating the mileage registered on the odometer at the time of owner transfer.	
J. Warranty--In the area of transportation, it is a pledge made by a seller of a vehicle to a buyer concerning length and limit of free repairs (parts and labor). It is a legal part of the sales contract.	
II. Public vs. private transportation	
A. Cost comparisons	Assign. #1 TM-IV-1
B. Convenience factors	
C. Influence of status and privacy	Assign. #2
III. Buying a car	
A. Prepurchase research	
B. Leasing a car vs. buying a car	Assign. #3 TM-IV-2
1. Compacts	
2. Luxury models	
C. Used vs. new	
1. Used car purchases	
a. Book value and purchase costs	
b. Maintenance history	TM-IV-3
c. Private owners	
d. Used car dealers	
e. 1972 Odometer Law	
f. Auto Information Disclosure Act of 1959	
2. Buying a new car	
a. Markup averages and sticker prices	Assign. #4
b. Where to buy	TM-IV-4
1) Authorized dealers	
2) Overseas mail orders	
3) Private owners	

INFORMATION SHEET

Related Materials

D. What to look for

  1. Engine specifications

  2. Standard and optional features — Assign. #5

  3. Factory recall history

  4. Safety features

  5. Maintenance required

  6. Warranty

     a. Mileage limits
     b. Specific parts
     c. Free labor or parts provisions

  7. Depreciation — TM-IV-6

E. Performance ratings

  1. R.P.M. (revolutions per minute)

  2. Gasoline

     a. Type required
     b. Tank capacity
     c. M.P.G. (miles per gallon)

IV. Financing your purchase — Assign. #6

  A. Cash vs. credit costs

  B. Where credit can be obtained

  C. Collateral requirements

  D. Balloon notes

V. Owning a motorcycle — Assign. #7

  A. Cost comparisons

  B. Engine and safety features

  C. Gasoline type and M.P.G.

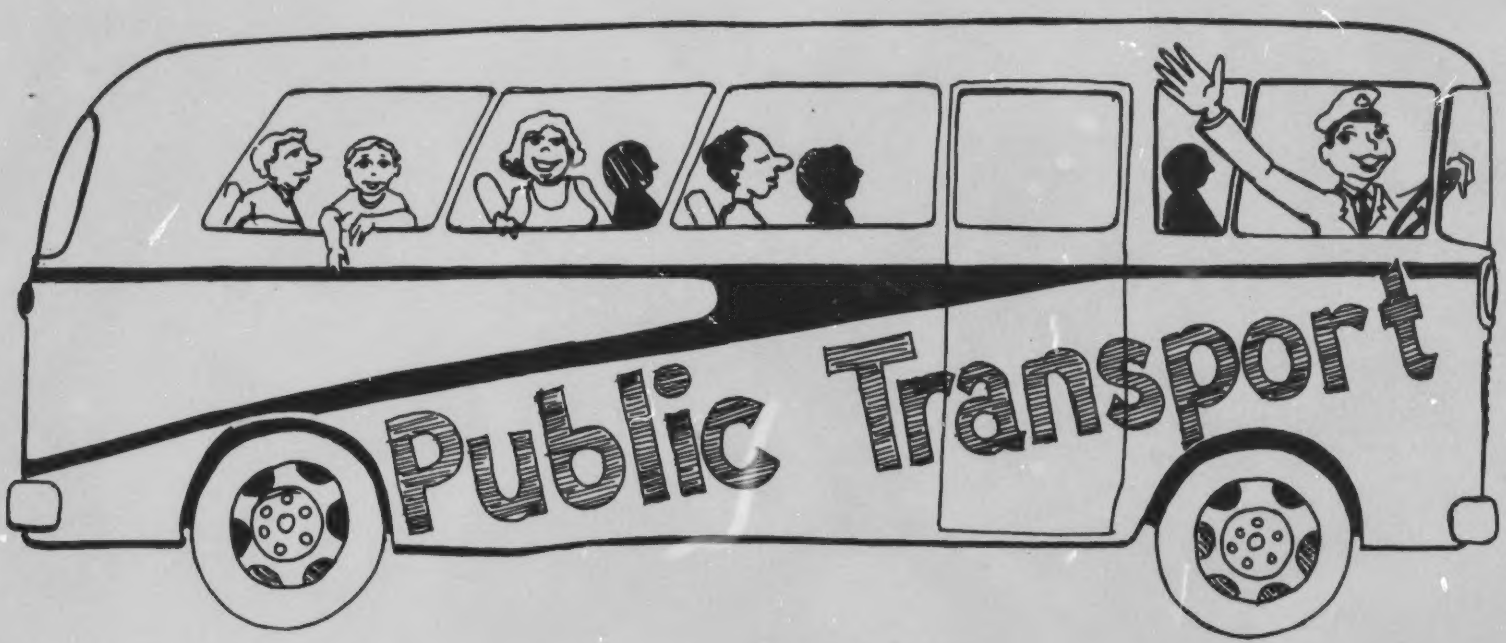
Related Materials

- D. Use regulations
    - 1. Street limits
    - 2. Helmet requirements

VI. Insuring your vehicle

- A. Type of needs for protection
    - 1. State required coverages
    - 2. Liability insurance
        - a. Types
        - b. Limits
    - 3. Collision insurance
    - 4. Comprehensive coverage
    - 5. No-fault insurance — Assign. #8
- B. Comparing coverage costs
    - 1. Risk factors
        - a. Driver age
        - b. Driving record
        - c. Educational level
    - 2. Deductible level
    - 3. Uninsured motorists
- C. Filing a claim
    - 1. Police report
    - 2. Court record
    - 3. Medical and repair estimates

Go "BUY" Bus - And leave the driving to us!


Public Transport

What are advantages of public transportation?

Some disadvantages?

YOUR CAR - - DO YOU LEASE OR BUY?

PURCHASE

Retail price, 1977 Oldsmobile Supreme	$5,800.00*
Sales tax	348.00
Registration	36.00
	6,184.00
Suggested down payment	1,184.00
Balance financed at $163.88 per month for 36 months	5,899.68
Loss of interest on money used for down payment	177.60
	7,261.28
Less cash equity remaining in car after 3 years (depreciation)	2,500.00

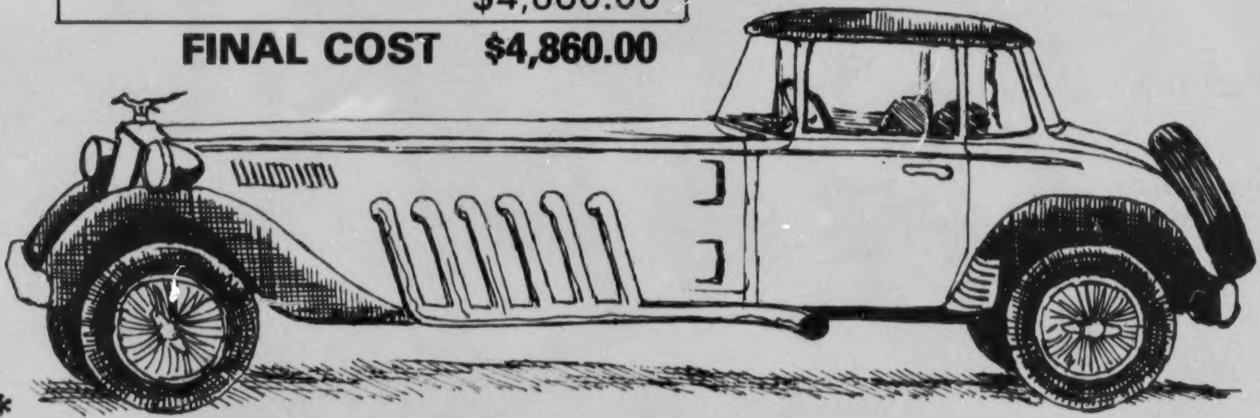
FINAL COST $4,761.28

LEASE *Same car, same dealer*

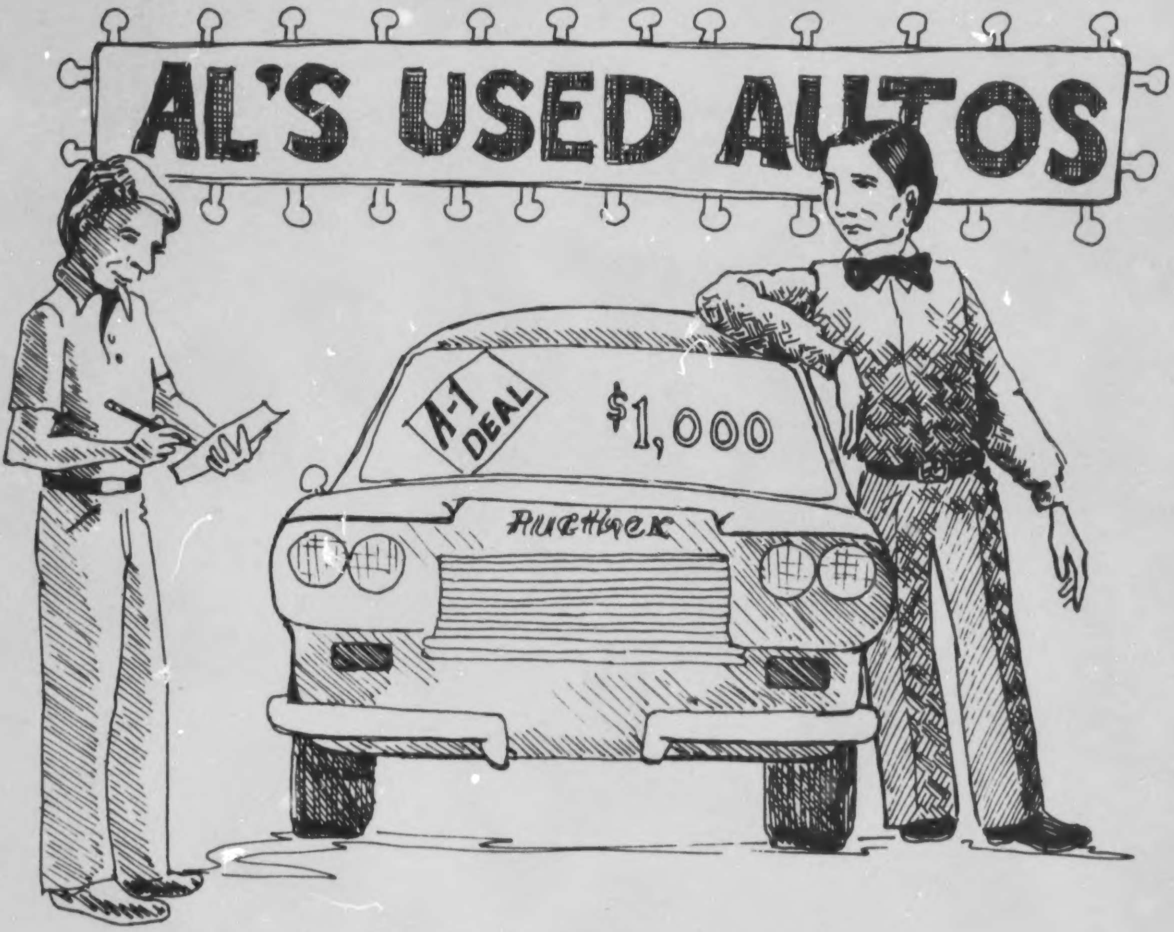
Lease for 36 months at $135.00 per month

$4,860.00

FINAL COST $4,860.00



* These prices may differ slightly in various parts of the country.


AL'S USED AUTOS
A-1 DEAL
$1,000

Before you leave the lot, check

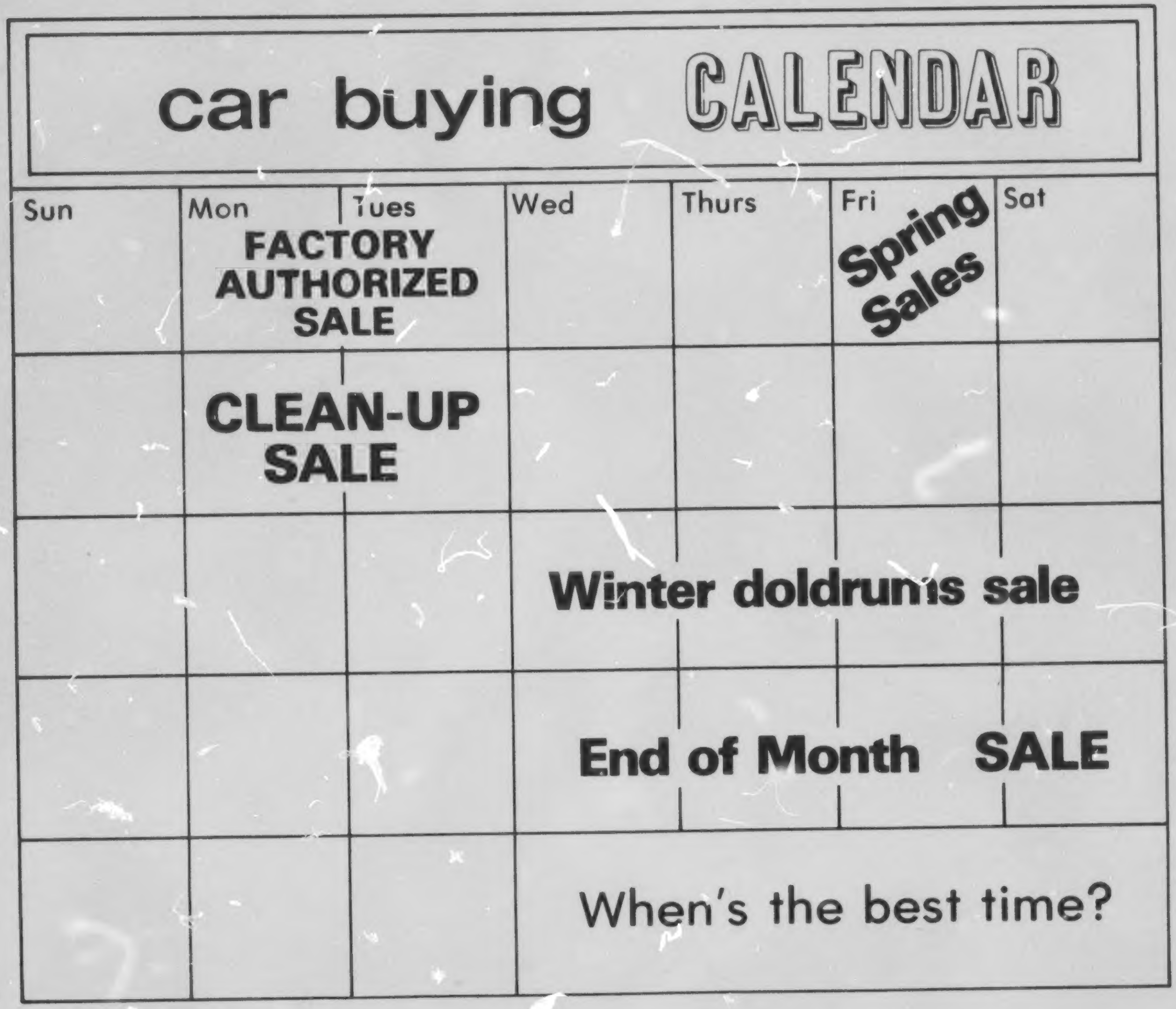
1. PAINT
2. BODY/BUMPERS
3. TIRES
4. CHASSIS REPAIRS
5. HORN
6. IGNITION
7. HEATER
8. RADIO
9. LEAKS
10. AMMETER
11. ROAD TEST

TM - IV - 4

STICKER MARK-UPS

Description	Base Cost	Mfg's. Sgstd. List
Car (4 Cylinder)	2807	3225
ACCESSORIES		
Air Conditioning	367	442
Rear Axle - (performance ratio)	11	13
Battery - (heavy duty)	13	16
Belts, Deluxe	14	17
Power Brakes	48	58
Bumpers, Deluxe - (f & r)	24	29
Guards, Deluxe - (inc VE5) - w/o ZJ2	54	65
-w/ZJ2	30	36
Carrier, Roof	47	56
Clock, Electric	14	17
Console - (inc w/MC4 or ZQ3)	14	17
Custom Exterior	71	86
Defogger, Rear Window	59	71
California Emission System	58	70
High Altitude Emission Equipment	18	22
Engine - 1.6 litre 1 bbl L4 (inc w/ZQ3)	46	55
Load Floor Carpet	36	43
Mats - (color keyed front & rear)	12	15
Glass, Tinted - all windows	40	48
Instrumentation, Special - (inc w/ZQ3)	50	60
Cigarette Lighter - (inc w/ZJ2)	4	5
Auxilary Lighting - Scooter	28	34
Locking Glove Compartment - (inc w/ZJ2)	2	3
Mirror - inside day/night (inc w/ZJ2)	7	8
Molding - body side	32	38
Quiet Sound Group - without ZJ2	35	42
-with ZJ2	26	31
Radiator, HD	22	27
AM/FM Radio	107	129
Speaker, Rear Seat	18	22
Rally Sport Equipment - with M20 4 speed trans (inc MC4)	266	321
-with M40 auto trans	245	295
Rear Seat Deletion	(46)	(56)
Sport Shifter - (inc D55 console) included w/ZQ3	36	43
Sport Steering Wheel - (inc w/ZJ2 and ZQ3)	13	16
Rear Stabilizer Bar- (inc w/ZQ3)	23	28
Tires		
155/80-13/B steel belted radial white stripe	113	137
Transmission - Floor mounted 4 speed	NC	NC
Trim - (plaid cloth buckets) - w/o AP6 rear seat delete	15	18
Trim, Custom Interior		
-w/o ZQ3 w/custom vinyl seats	141	170
Trim Rings	27	32
Wheel Covers, Sport - (inc with ZQ3)	59	71
Windows, Swing Out	40	48
Windshield Wiper System - intermittent	23	28

Adapted from: *Edmund's Car Buying Guide*



car buying CALENDAR

Sun

Mon

Tues

Wed

Thurs

Fri

Sat

FACTORY AUTHORIZED SALE

Spring Sales

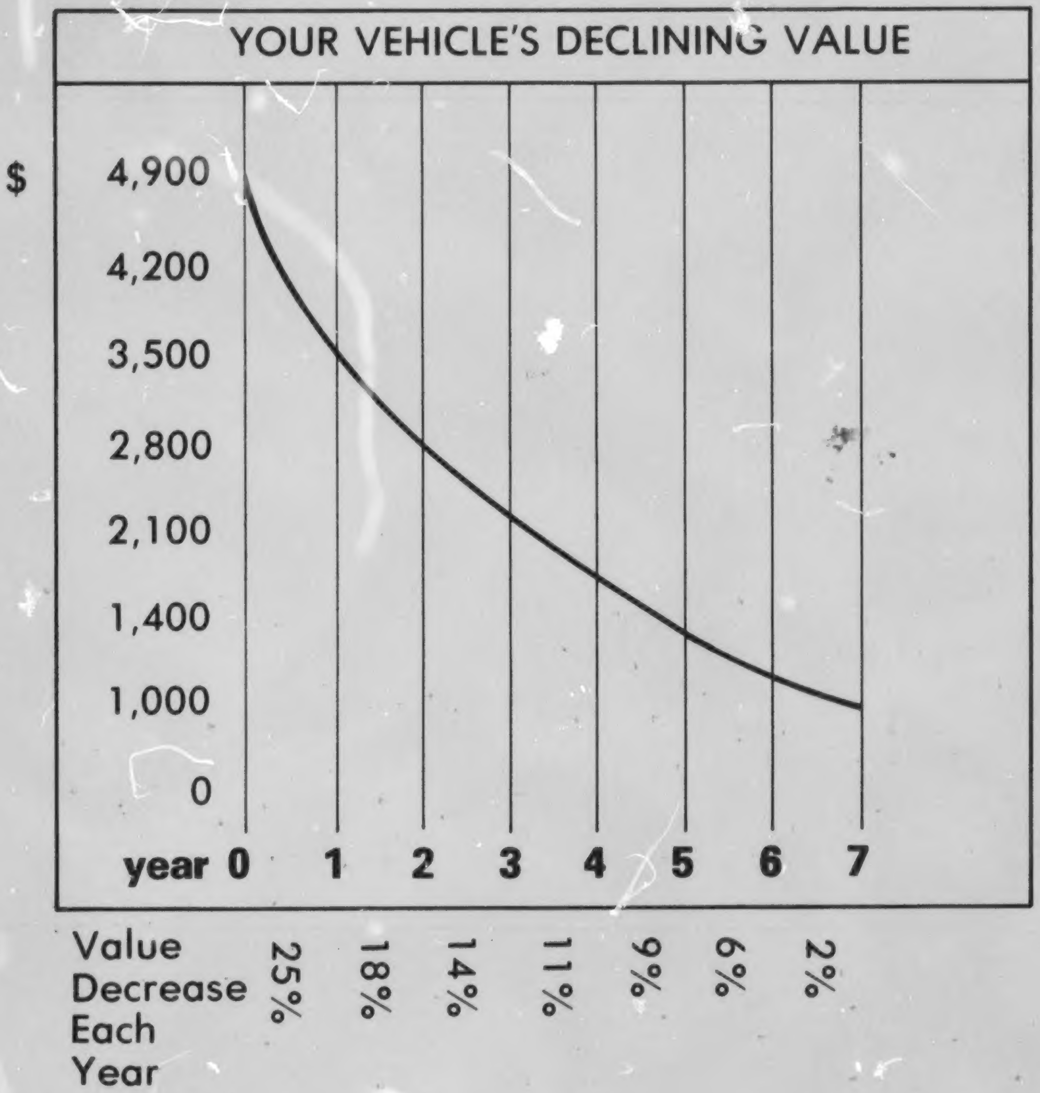
CLEAN-UP SALE

Winter doldrums sale

End of Month SALE

When's the best time?

THE AVERAGE AUTO'S DECLINE IN VALUE



Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #1: PUBLIC OR PRIVATE--WHICH WOULD YOU CHOOSE?

Directions: Read the problem situation that follows; then decide what mode of transportation you would select if you were Joe. Explain your decision.

JOE'S DILEMMA

Joe and his wife, Kathy, recently moved to Kansas City. They live in a mobile home park three miles from Joe's office. Kathy, a teacher, is not working now but has applied for a teaching position for the next school year. They own a 1971 Buick car that is paid for completely.

Joe has normally driven his car to work but is now considering taking the city bus to and from his office. The bus fare is 40 cents each way, and the schedule is convenient. He could catch the bus at the stop point at the entrance to the mobile home park.

But old habits are hard to break, and Joe likes the "freedom" of having a personal car at his disposal.

Joe read recently that a moderate figure to estimate operating costs of an automobile is 15 cents a mile, excluding insurance. Joe decides to do some mathematical comparisons to aid him in his decision-making.

Kathy, meanwhile, points out that if she gets a job next year, she may need to use the car. "Besides," she adds, "Joe could read the morning paper on the bus ride to work and not have to fight commuter traffic, parking or bad weather conditions."

What would you do if you were Joe? Why?

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #2: ROLE PLAYING--BUYING A CAR FOR EVERYONE!

Directions: Role play the following situation. As you do, consider the viewpoints of each family member.

Situation:

The Williams family is considering the purchase of a second car. Mrs. Williams is a private secretary and rides to work with her husband. Her hours are not exactly the same as his; therefore, she could often use her time to a better advantage if she could have her own car.

Keith Williams is 18 years old. He will be allowed to drive the new car to junior college 30 miles away, where he will be taking courses three days a week this summer. Although he owns a car (a ten-year-old model), he will use the new car for dating.

Mr. Williams, manager of a department store, will use the car occasionally on weekends for recreational excursions. Each family member has strong preferences regarding the kind of car that should be bought.

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #3: LEASING A CAR

Directions: General Motors Corporation estimates that more than a million people will lease a car this year. Leasing is growing at a rate of more than 25 percent a year.

Study Transparency Master TM-IV-2; then answer the following questions:

1. What effect would leasing have on a person's credit rating?
2. Which method would be economically better in times of inflation? Why?
3. Who would pay for maintenance and repairs on a leased car?
4. Would there be a difference in gasoline costs?
5. Which method would build equity?
6. Which method escapes the problem of having to dispose of the car when wanting a new one?
7. Which method would be the better choice for a business or "company-use" car? Explain why.
8. Is car leasing available in your area? If so, list the names of the leasing businesses.
9. Are leasing prices for an average 3-year contract about the same as the transparency price sample? If not, what is the difference?
10. Is there a minimum age requirement for leasing a car?
11. What, in your opinion, are some disadvantages of leasing automobiles?
12. Would you prefer to lease or buy a car in the future? Why?

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #4: COMPUTING STICKER MARKUPS ON CARS

Directions: Assume you are in the market to purchase a new car. You have budgeted about $5,500 as the maximum you can afford to pay for the automobile with options.

Using the information on Transparency Master TM-IV-4, compute the options you can afford and then figure the amount of dealer markup. (Manufacturer's Suggested List)-(Base Cost). Answer the following questions:

1. List the options you want and can afford (use base cost figures):

Options	Base Cost

2. What is the total minimum amount you can expect to pay for your car and options (total of base cost figures)?

3. What is the high range amount you can expect to pay (total at Manufacturer's Suggested List)?

4. What is the dollar amount of difference between the maximum and minimum (#2 and #3)?

5. What does this figure mean to you?

6. What is the listed standard equipment on this car? (see Transparency Master TM-IV-4)

7. This information on Transparency Master TM-IV-4 was adapted for the classroom from *Edmund's Car Buying Guide*, available at most public libraries. Describe how you feel this magazine would help you in investigating future automobile purchases.

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #5: COMPARATIVE INVESTIGATION ON AUTO SPECIFICATIONS

Directions: When a consumer decides to purchase a new car, it's a good idea to do some prepurchase shopping research. In this learning activity, you will select three types and models of automobiles you would want to purchase. Using the investigation forms given in this assignment, you will collect needed information on general car specifications and accessories. Finally, after comparing the three cars, select the car that you believe would be the one best suited for your personal situation.

INFORMATION	CAR #1	CAR #2	CAR #3
Area dealer's name:			
Base price:	$	$	$
Optional accessories desired (price): such as air conditioner, radio, white wall tires. TOTAL:	$	$	$
Special features as standard:			
Factory recall history:			
Required maintenance (average cost): such as mileage checks, oil changes, new tires, filters, etc. TOTAL:	$	$	$
Safety features:			
Performance rating (r.p.m.):			
Warranty: mileage limit specific parts, free labor, free parts.			

SPECIFICATIONS	CAR #1	CAR #2	CAR #3
Body types (doors):			
Passenger capacity front/rear:			
Wheelbase, inches:			
Length, inches:			
Engine type:			
Horsepower, r.p.m.:			
Acceleration 1/4 mile from stop:			
Fuel recommended:			
MPG (constant speed):			
Catalytic converter:			
Transmission type:			
Steering type:			
Turning diameter, ft.:			
Brakes--type front/rear:			
Minimum distance to controlled stop from 60 m.p.h.:			
Interior noise (sones) on highway at 60 m.p.h.:			
Fuel tank capacity (gal.):			
Tires--type (size):			
Headroom--inches front/rear:			
Legroom--inches front/rear:			
Trunk volume cubic ft.:			

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #6: FINANCING A CAR PURCHASE

PART ONE

Directions: A consumer who plans to borrow money to pay for a car purchase should do a little comparative loan shopping before signing a credit contract. Using a hypothetical car purchase of $5,800, approach a car dealership representative, a bank auto loan officer and a personal loan company and collect price information to complete the following comparative checklist:

ITEMS	DEALER	BANK	OTHER LENDING AGENCY
Price of car	$5,800	$5,800	$5,800
Less down payment			
Amount to be financed			
Amount of monthly payments			
Number of monthly payments			
Total amount of payments			
Total dollar cost of auto loan			

PART TWO

Directions: Assuming that you actually did purchase a $5,800 car, complete the following forms necessary for application of credit (with dealer) and insurance information that may be necessary for dealer-financed car loans. Use as much actual information on yourself as possible and add any necessary facts not given.

INSURANCE INFORMATION

Physical Damage Insurance

Insurance Company ______________________ Term: ______ months

☐ $__________ Deductible Collision—and also select one of the following:

- ☐ Full Comprehensive Including—Fire-Theft and Combined Additional Coverage
- ☐ $__________ Deductible Comprehensive Including—Fire-Theft and Combined Additional Coverage
- ☐ Fire-Theft and Combined Additional Coverage

Optional If Desired—Towing and Labor costs ☐ Rental Reimbursement ☐

Mechanical Breakdown Insurance

Insurance Company ______________________

Term: ☐ 36 months or 36,000 miles, whichever occurs first

Term: ☐

☐ $25 Deductible ☐ $50 Deductible ☐ $______ Deductible

1. I QUALIFY FOR THE PRIVATE PASSENGER AUTOMOBILE RATING CLASS DESCRIBED ON THE REVERSE SIDE AS: ______ CLASS

2. I AM NOW INSURED BY MOTORS INSURANCE CORP. OR CIM INSURANCE CORP.: NO ☐ YES ☐
If Yes, Policy Number ______________
I WILL NOW HAVE TWO PRIVATE PASSENGER AUTOMOBILES INSURED WITH MOTORS INSURANCE CORP. OR CIM INSURANCE CORP.: NO ☐ YES ☐ If Yes, Policy Number ______________

3. IS CAR GARAGED ☐ YES ☐ NO IF YES, WHERE ______ NUMBER ______ STREET ______ CITY AND STATE

Estimated annual mileage ______________ Will automobile be used to and from work? ☐ No ☐ Yes If yes, number of miles one way ______

4. LIST ALL OPERATORS: {Exactly as name appears on Driver's License}

Oper. No.	(Record principal operator first — PLEASE PRINT) First	Middle	Last	DATE OF BIRTH MO	DA	YR	SEX M ✓	F ✓	MARRIED YES ✓	NO ✓	OPERATOR'S LICENSE NO. The License No. in Hawaii, Idaho and Iowa is the Social Security No.	ISSUED BY STATE OF	TIME LICENSED YRS	MOS	PERCENT OF MILEAGE	License Revoked or Suspended in Last 36 Mos. NO	YES	IF YES DATE
[1]											★							
[2]											★							
[3]											★							

★ LICENSED IN ANOTHER STATE WITHIN PAST 5 YEARS: NO ☐ YES ☐ IF YES GIVE PRIOR RESIDENCE ADDRESS
NUMBER AND STREET ______ CITY ______ STATE ______

DRIVER TRAINING Indicate operator numbers of all operators who have completed driver training course. (Attach copy of Certificate of Completion.) ______

ACCIDENTS (Last 36 Months) IF NONE, CHECK HERE ☐

OPER. NO.	ACC. DATE	DESCRIPTION OF ACCIDENT (Show letter "C" as amount of damage if accident occurred while operating commercial vehicle.)	AMOUNT OF DAMAGE

TRAFFIC VIOLATION CONVICTIONS (Last 36 Months)
IF NONE, CHECK HERE ☐

OPER. NO.	CONVICTION DATE	DESCRIPTION OF TRAFFIC VIOLATIO

5. COMPLETE WHEN APPLYING FOR COVERAGE IN CIM INSURANCE CORPORATION
I understand that CIM rates are surcharged and therefore may be higher than rates otherwise applicable in the normal insurance market.

Signature ______________________ Date ______
(Sign here and below)

READ CAREFULLY — I understand that the above information is material to the company's determination whether to accept the risk and is essential for rating purposes. I, theref represent that all such information is correct. I understand that I am free to insure my motor vehicle with whatever licensed company, agent or broker I may choose; that I may sec other insurance from any agent of my choice at any time after the date of the instalment sales contract; that I have not cancelled existing insurance on my motor vehicle if I owned before this contract; and that this contract cannot be denied me simply because I did not purchase my insurance through the lendor or seller.

Dir. or Agency ______________ CUSTOMER SIGNS [illegible] ______________ Date ______

Name

ASSIGNMENT SHEET #6

FORM B

CUSTOMER'S STATEMENT — PLEASE PRINT (SEPARATE STATEMENT FOR EACH SIGNER OF THE CONTRACT)

ARE YOU APPLYING FOR CREDIT WITH SELLER AS: INDIVIDUAL ☐ WITH SPOUSE ☐ JOINTLY WITH OTHER ☐

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The Federal Agency whic administers compliance with this law concerning this dealership is the Federal Trade Commision, Washington, DC 20580.

Income from alimony, child support or maintenance payments need not be revealed unless relied upon herein to establish credit. If your spouse will be contractuall liable on this account, or if you are relying as a basis for repayment on community property, your spouse's income, or alimony, child support or maintenance payments a separate application must be completed on such spouse.

PRINT FULL NAME — FIRST — MIDDLE — LAST | SOC. SEC. NO. | DATE OF BIRTH MONTH | DAY | YEAR | NUMBER DEPENDENTS | HOME PHONE NO.

PRESENT ADDRESS — NUMBER AND STREET — CITY — COUNTY — STATE — POSTAL ZIP CODE | LIVED THERE YEARS | MONTHS

RENT BY MO. ☐ LEASE ☐ OWN ☐ — LANDLORD OR MORTGAGE HOLDER (NAME & ADDRESS) — MO. PYMT. OR RENT $ .... MKT. VAL. IF OWNED $ .... AMT. MORTGAGE $ ....

PREVIOUS HOME ADDRESS — NUMBER AND STREET — CITY — COUNTY — STATE | LIVED THERE YEARS | MONTHS

EMPLOYED BY SELF ☐ OTHERS ☐ — NAME — BUSINESS ADDRESS, NUMBER AND STREET — CITY — STATE | HOW LONG YEARS | MONTHS | BUS. PHONE NO.

TRADE OR OCCUPATION — BADGE NO. OR DEPT. NO. | SALARY OR WAGES | OTHER INCOME | SOURCE OF OTHER INCOME | TOTAL MO. INCOME

NAME OF PREVIOUS EMPLOYER — ADDRESS — NO. YRS.

NAME AND ADDRESS OF PARENTS OR NEAREST RELATIVE NOT LIVING WITH ME — NAME — ADDRESS | RELATIONSHIP

NAME AND ADDRESS OF PERSONAL FRIEND — NAME — ADDRESS | KNOWN HOW LONG?

BANK ACCOUNT — NAME OF BANK — BRANCH NAME AND CITY — CHECKING ☐ SAVINGS ☐ NO ACCOUNT ☐ — CHECKING ACCOUNT NO.

LAST CAR FINANCED — DUE WHOM — NUMBER AND STREET — CITY — BALANCE DUE OR DATE PAID — MONTHLY PAYMENTS

CREDIT REFERENCES OR INSTALMENT OBLIGATIONS — INCLUDE FINANCE, COMPANIES, BANKS, CREDIT CARDS, CHARGE ACCOUNTS . . .

NAME OF CREDITOR	ADDRESS, BRANCH OR CREDIT CARD NO.	BALANCE DUE OR DATE PAID	MONTHLY PAYMENT
			$
			$
			$
			$

ALL INSTALMENT OBLIGATIONS INCLUDING ABOVE — TOTAL NO. — TOTAL AMTS $ — TOTAL MONTHLY PAYMENTS $

THE CAR IS REGISTERED IN NAME OF — NUMBER AND STREET — CITY — STATE | CAR LICENSE NO. | OPERATOR'S LICENSE NO.

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Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #7: BUYING A MOTORCYCLE

Directions: Tom, a classmate of yours, has come to you with an alternative to purchasing a car for transportation. As he explains his proposition, you are to pick out areas of concern, questions that need to be answered and some possible disadvantages in using motorcycles as a mode of transportation. Make a list of all the things you feel need to be considered when thinking about buying a motorcycle.

* * * * *

"Hey, man," Tom begins, "I'm sick of my gas-guzzling car. It's just too expensive to keep up. I'm going to join the "Fonz" generation and get a motorcycle!"

He becomes more enthusiastic as he continues. "Yeah--it's a bike for me. They get 40 miles to a mere gallon of gas and on that kind of mileage I could head out to California this summer to see my brother! They're compact, easy to park and even perfectly safe if you wear a helmet. The guy at the motorcycle dealership told me that his 85 horsepower model can do one-quarter mile in only 12 seconds! That's traveling!"

Tom dreams on as he says, "I can just see me now--cruising down scenic roadways, a gal on the "saddle" with me and really feeling a part of nature. Yeah--that's what I'm going to do. Sell my big "tank" car and hop on a road bike. If I can drive a car, I'm sure I can drive a bike. California, here I come!"

* * * * *

NOW--WHAT THINGS DO YOU FIND THAT TOM FORGOT TO CONSIDER?

Name ______________________________

YOUR TRANSPORTATION
UNIT IV

ASSIGNMENT SHEET #8: NO-FAULT INSURANCE RESEARCH

Directions: Go on an information hunt (using available brochures, library resources or resource persons) in order to find and write answers to the following research questions:

1. Define no-fault insurance.

2. What effect would no-fault insurance have on a policyholder's compensation after an auto accident?

3. Are there different types of no-fault automobile insurance plans?

4. If a driver buys no-fault insurance, can he or she cancel any presently held liability, uninsured motorist or collision insurance?

5. What is the main disadvantage of no-fault insurance as voiced by some groups?

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6. What are the major advantages to the plan?

7. Would no-fault insurance reduce the incentive to drive safely?

8. Would the plans generally benefit teen-age drivers?

YOUR TRANSPORTATION
UNIT IV

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1--(suggestions)

Factors to Consider

Private	vs.	Public
convenience		set schedule
privacy		crowds-seating
auto-use depreciation		bad weather hassle
insurance		no insurance
parking costs		no parking
safety		no driving worry
road conditions in bad weather		only one car in family

Comparison Costs

Private	vs.	Public
$ .15 mile		$ .40 trip
x 6 miles/day		x 2 trips
$ .90/day		$ .80/day
x 5 days/week		x 5 days/week
$ 4.50/week		$ 4.00/week
x 52 weeks		x 52 weeks
$234.00/year		$208.00/year

ASSIGNMENT SHEET #2

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #3--(suggestions)

1. It helps a credit rating because leasing requires no down payment or use of credit line maximums that would not permit additional use of credit.

2. Leasing--because the payments are fixed for a period of three years (usually). Also, if the lease includes maintenance or repairs, these costs will be estimated and added in with the set contract payments.

3. Either party--by precontract agreement

ASSIGNMENT SHEET #3 continued

4. No--only as varied by type of auto and driving

5. Ownership

6. Leasing--at the end of the contract period, the lessee simply returns the leased car.

7. Probably leasing--it would probably enable the driver to change and update car models more often as well as not have to worry about maintenance costs.

8-12. Answers will vary.

ASSIGNMENT SHEET #4

1-4. Answers will vary

5. It represents the amount by which, in theory, local car dealers can vary the selling price offered to the consumer over their wholesale cost.

6. Safety equipment
Anti-theft equipment
Convenience and emission control equipment
1.4 liter 1 bbl L4 engine
4-speed manual transmission
Manual front disc/rear drum brakes
Heater-defroster
Carpeting
Bucket seats
155 x 80 x 13/B bias belted ply BW tires

7. To obtain deal "bargaining" ranges on current car prices and options for any make and model automobile

ASSIGNMENT SHEET #5

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #6

Completed to the satisfaction of the instructor.

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ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #7--(suggestions)

1. Fuel tank capacity
2. Road and highway restrictions
3. License requirements--for both operator and vehicle
4. Insurance coverage--comparable cost and availability
5. Required maintenance--cost and availability
6. Bad weather traveling
7. Rider safety comparisons
8. Estimated "life" of bike use--"life" of tires, engine, etc.
9. Neighborhood noise ordinance
10. Comparable purchase prices--auto and motorcycle
11. Passenger carrying capacity
12. Protective clothing requirements
13. Registration requirements and fees, purchase taxes

ASSIGNMENT SHEET #8

1. No-fault insurance: An insurance policy which permits a policyholder involved in an automobile accident to be compensated automatically for part or all of the medical costs, wage loss and other expenses associated with the accident by the victim's insurance company without regard to which party caused the accident.

2. It would be sooner, since the compensation would not have to wait for a fault judgment.

3. Yes--each company would offer its own type of program, although the basic contractual no-fault philosophy would remain the same.

4. No--these would still be needed to cover compensation over and beyond those in the usual no-fault policy.

5. Parts of the insurance industry and legal profession tend to oppose the plan's theory because it represents a substantial change from the legal base of the common law of torts and could theoretically reduce the amounts for which a person could sue for damages.

ASSIGNMENT SHEET #8 continued

6. Accident victims would receive compensation more quickly and with less red tape; fewer accident victims would have to resort to lawsuits.
7. The motorist's moral obligation to respect the lives and property of others in his or her driving behavior is in no way reduced by no-fault insurance nor does it diminish the obligation to obey traffic laws.
8. Some groups support the belief that in the present "fault liability" system, when it is unclear which party is at fault, the decision often goes against the teenage party or younger person.

The above information is from the booklet *Insurance for Your Health, Car, Life.* Consumer Information Center, Pueblo, Colorado.

Name ____________________________

YOUR TRANSPORTATION
UNIT IV

TEST

1. Define the following terms by matching them with their related meaning statements. Write the letter of the term on the blank to the left of each statement.

   a. Automobile Information Disclosure Act
   b. Balloon note
   c. Collision insurance
   d. Deductible
   e. Depreciation
   f. M.P.G. rating
   g. No-fault auto insurance
   h. Odometer Law of 1972
   i. Warranty
   j. Comprehensive insurance

___ 1) A "gas-guzzling" car would have a low one of these.

___ 2) "One year or 12,000 miles (whichever comes first) for free parts and repair labor"

___ 3) The sticker on the car window in a showroom is required to list the car's serial number, accessories, make, model, and suggested retail price.

___ 4) "Twelve installment payments of $100 each except for the final payment, which will be for $600."

___ 5) Policyholders receive quick compensation after accidents without having the hassle of deciding fault for the wreck.

___ 6) Declining value due to age.

___ 7) If you're driving a car and hit a tree, it's wise to have this type of auto insurance.

___ 8) If your car is stolen, it's good to have this type of insurance policy.

___ 9) "Don't turn me back or you'll be breaking the law."

___10) "The repair bill on my wreck-damaged car came to $350. I paid the first $50 and my insurance covered the rest."

2. List two advantages and two disadvantages of using public transportation as a major mode of transportation.

   ADVANTAGES

   a.

   b.

   DISADVANTAGES

   a.

   b.

3. List two advantages and two disadvantages often associated with leasing a car rather than owning one.

   ADVANTAGES

   a.

   b.

   DISADVANTAGES

   a.

   b.

4. Which agency generally offers the least expensive form of auto credit financing? (check one)

   ____ Car dealers

   ____ Bank loans

   ____ Other lending agencies

5. What is your opinion--do you think motorcycles are generally a good or bad mode of transportation? (Be specific and explain why you think so.)

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Name ______________________________

TEST

6. Explain the concept of no-fault auto insurance.

7. List three risk factors that help determine vehicle insurance coverage costs.

8. Name three items generally needed to file an accident claim on a vehicle insurance policy.

YOUR TRANSPORTATION
UNIT IV

ANSWERS TO TEST

1. 1) f
   2) i
   3) a
   4) b
   5) g
   6) e
   7) c
   8) j
   9) h
   10) d

2. (For additional listings, see Answers to Assignments #1 and #3)

   ADVANTAGES

   a. no parking problems
   b. no car insurance required

   DISADVANTAGES

   a. lack of privacy
   b. less convenient (set schedule)

3. ADVANTAGES

   a. no car depreciation
   b. often no maintenance costs or disposal problems

   DISADVANTAGES

   a. no equity
   b. more expensive

4. Obtain answer from findings of Assignment Sheet #6

5. Answers will vary

6. It is an insurance policy which permits policyholder involved in an automobile accident to be compensated automatically for part or all of the damages without first having to decide on who is at fault for creating the accident.

7. Driver's age, driving record, educational level

8. Police report, court record, repair estimates

YOUR HOUSING
UNIT V

UNIT OBJECTIVE

After completing this unit, the student should be able to demonstrate the ability to select, purchase and finance suitable housing.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Match terms associated with housing to the correct definitions.
2. Discuss considerations in locating suitable housing, including type of housing and location.
3. List determining factors in making the decision to buy, rent or build.
4. Identify the purpose of each type of housing insurance listed.
5. Explain legal implications of renting, contrasting its advantages and disadvantages.
6. Discuss factors to be considered in selecting a design and a site for building a house.
7. Name factors to be considered before buying an existing home.
8. Discuss home financing, including sources and types of financing, mortgage contracts and monetary requirements.
9. Demonstrate the ability to:
    a. Calculate spending limits for housing.
    b. Evaluate floor plans.
    c. Sequence steps of home purchasing.

YOUR HOUSING
UNIT V

SUGGESTED ACTIVITIES

I. Instructor:

  A. Provide students with objectives sheet (preceding page)

  B. Provide students with information sheets and assignment sheets

  C. Make transparencies

  D. Discuss objectives

  E. Discuss information sheets, assignment sheets and topics in content outline

  F. Give test

II. Student:

  A. Read objectives sheet

  B. Study information sheet

  C. Complete assignment sheets

  D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

  A. Objectives sheet

  B. Information sheets

    1. Terms

    2. Content topic outline

  C. Transparency masters

    1. TM-V-1: Condominiums--The Advantages

    2. TM-V-2: Condominiums--The Disadvantages

3. TM-V-3: Checklist for Housing Selection
4. TM-V-4: Buy or Rent?
5. TM-V-5: The Housing Question
6. TM-V-6: A Professional Realtor
7. TM-V-7: Component Costs of Home Ownership
8. TM-V-8: He Has Security--Do Homeowners?
9. TM-V-9: Stop! Read Before You Sign!
10. TM-V-10: Closing Costs

D. Assignment sheets

1. Assignment Sheet #1: Crossword Puzzle on Housing Terms
2. Assignment Sheet #2: The Debate on Housing
3. Assignment Sheet #3: Compare Housing Alternatives
4. Assignment Sheet #4: Evaluate Housing Locations
5. Assignment Sheet #5: Calculate Spending Limits for Housing
6. Assignment Sheet #6: Question Realtors
7. Assignment Sheet #7: Interview Homeowners
8. Assignment Sheet #8: Comparing Home Repair Costs
9. Assignment Sheet #9: Costs for Furnishing a Home
10. Assignment Sheet #10: Evaluate Floor Plans
11. Assignment Sheet #11: Sequence Steps of Home Purchasing
12. Assignment Sheet #12: Assess Budgeting and Income Factors in Home Financing

E. Answers to assignment sheets

F. Test

G. Answers to test

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II. References:

A. Books

1. Allen, Phyllis Sloan. *The Young Decorator*. Provo, Utah: Brigham Young University Press, 1975.
2. Craig, Hazel Thompson. *Homes with Character*, 3rd edition. Lexington, Massachusetts: D. C. Heath and Company, 1970.
3. Jelley, Herbert M. and Robert O. Hermann. *The American Consumer: Issues and Decisions*. Dallas: Gregg Division/McGraw-Hill Book Company, 1973.
4. Morton, Ruth, Hilda Geuther and Virginia Guthrie. *The Home: Its Furnishings and Equipment*. Dallas: Webster Division/McGraw-Hill Book Company, 1970.
5. Porter, Sylvia. *Sylvia Porter's Money Book*, Vol. II. Garden City, New York: Doubleday and Company, Inc., 1975.
6. Sherwood, Ruth F. *Homes: Today and Tomorrow*. Peoria, Illinois: Charles A. Bennett Company, Inc., 1972.
7. Unger, Maurice. *Real Estate: Principles and Practices*, 5th edition. Dallas: South-Western Publishing Company, 1974.
8. Warmke, Roman F., Eugene D. Wyllie and Beulah E. Sellers. *Consumer Decision-Making Guides to Better Living*. Dallas: South-Western Publishing Company, 1977.

B. Booklets

1. *Home Buyer's Vocabulary*. U. S. Department of Housing and Urban Development #HUD-383-HM, June, 1976. Consumer Information Center, Pueblo, Colorado. (Free)
2. *Home Mortgage Insurance*. U. S. Department of Housing and Urban Development #HUD-43-F(7), June, 1976. Consumer Information Center, Pueblo, Colorado. (Free)
3. *Real Estate Settlement Costs*. Commerce Clearing House, Inc., 405 W. Peterson Ave., Chicago, Illinois 60646. June, 1976. ($1.50)

C. Curriculum Guides

1. *Consumer Education*. Part Two. Lubbock, Texas: Texas Tech. University, College of Home Economics, 1971.

2. *Consumer Education Curriculum Modules: A Spiral-Process Approach.* Part II, Valuing Process. Fargo, North Dakota: North Dakota State University, College of Home Economics, 1974.

3. Sawatcky, Joyce. *Housing and Home Furnishings.* Stillwater, Oklahoma: State Department of Vocational-Technical Education, Vocational Home Economics, 1976.

D. Pamphlets

1. Blackwell, Dorothy G. *Property and Personal Liability.* #T4111 U.S.D.A. County Extension Office. (Free)

2. *Home Buyer's Guide.* National Association of Home Builders of the United States. 15th and M Streets, N. W., Washington, DC 20005, 1974. (Free)

3. *Selecting and Financing a Home.* Home and Garden Bulletin No. 182, Department of Agriculture. County Extension Office. (Free)

4. *Wise Home Buying.* U. S. Department of Housing and Urban Development, Washington, DC 20410.

YOUR HOUSING
UNIT V

UNIT NOTES TO THE TEACHER

The emphasis of this unit is on the many business-related aspects of selecting and financing housing (such as zoning, mortgage and closing costs, insurance, etc.). The subject area of housing naturally opens a door to a variety of resource speakers from realtors, attorneys, bank officers and insurance agents to a member of a city planning commission (explaining building codes and zoning laws) and an industrial arts teacher or area contractor (explaining various house building steps).

A debate or extra credit report could be constructed around the theme, "Government-insured Financing versus Conventional Loans--the Pros and Cons."

ASSIGNMENT SHEET #2

This activity could be completed through the use of a "round table" discussion or formal debate judged by students. Topics could also include: "renting a home vs. renting apartments" and "renovating and remodeling to suit individual needs."

ASSIGNMENT SHEET #5

This assignment is an excellent opportunity to emphasize consumer math abilities by supplementing the assignment with additional exercises after a review of rudiments and multiplying and changing percentages to decimals, etc. A final activity discussion could be constructed around the question, "Is it wise to set very conservative spending limits?" The discussion could mention the numerous "unexpected" repair and maintenance expenses incurred over and above mortgage or rent payments.

ASSIGNMENT SHEET #6

Answers could be obtained from investigation done by students in single or group research, or from a realtor. If a realtor cannot visit the classroom personally, a conference phone hookup could be arranged during the class and questions could be asked at that time.

ASSIGNMENT SHEET #9

Catalogs (such as Sear's, Penney's, Montgomery Ward's, etc.) may be used for completing this activity.

ASSIGNMENT SHEET #10

The floor plan design for House #3 (or for an apartment/townhouse) can be selected from those found in magazines or newspapers. The students could be asked ahead of time to obtain a plan for selection evaluation. Or, a realtor could take students on a tour through an actual home and discuss floor plan flow-through.

YOUR HOUSING
UNIT V

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Abstract--A summary of the history of a piece of property, including liens, deeds, sales or mortgages held.

B. Amortization--The process of reducing the principal of a loan by making monetary payments on it.

C. Appraisal--An evaluation of a property used as a basis for market value when applying for financing.

D. Assessment--The amount of money owed on property for tax purposes.

E. Condominium--A multi-family housing unit in which apartments can be purchased by individuals who also hold proportionate interest in the common areas of the property (such as parking lots, grounds, restaurants, meeting rooms, etc.)

F. "COOP" (Cooperative)--Multi-family apartments which cannot be purchased privately but are owned in common and all profits, risks and expenses are shared among members of the "coop."

G. Deed--A property title or written contract that is legal evidence of ownership of property.

H. Equity--The money value of property owned in excess of all liens or other liabilities.

I. Escrow--Money or documents held by a third party until all conditions of the sales contract are fulfilled by the seller and buyer.

J. FHA (Federal Housing Administration)--A government agency which can insure mortgages to qualified buyers.

K. FHLBB (Federal Home Loan Bank Board)--A government agency which is responsible for the operation of the Federal Home Loan Bank System and the Federal Home Loan Mortgage Corporation (Fannie Mae's).

L. HUD (Housing and Urban Development)--A federal government department which, among other things, administers flood and crime insurance for property owners, the Community Development Block Grants, emergency homeowners relief, mortgage credit assistance and oversees the Fair Housing and Equal Opportunity Housing Law.

M. Lien--Hold or claim which one person has upon the property of another as security for debt.

N. Mortgage--The conveyance of property as security for the repayment of the loan on the property.

    1. Amortized mortgage--Provides for regular repayments of part interest and part capital.

    2. Open-end mortgage--Permits the mortgagor to finance further necessities without rewriting the loan.

    3. Straight mortgage--A short time-period loan with no payments on principal until the due date when the loan becomes payable in full.

O. Real Estate Settlement and Procedures Act--A federal law that sets regulations and required disclosure information to buyers on property contract closing and settlements.

P. Title insurance--Risk coverage for lenders (holding mortgages) and owners (paying mortgages) against losses if the legal ownership title is later found to be defective.

Q. Purchase process

    1. Purchase offer--Buyer's showing of his or her serious intention to buy by making a firm bid to seller.

    2. Sales agreement--Legal contract between buyer and seller stating conditions for sale of real estate property.

INFORMATION SHEET

	Related Materials
3. Assumption of loan--Mortgage property is sold to a purchaser.	
4. Foreclosure--Transfer of real estate ownership rights to mortgagee when mortgage payments cannot be made.	
5. Default--Failure to meet financial obligations.	
6. Mortgagor--Borrower who has agreed to repay a mortgage loan to the mortgagee.	
7. Mortgagee--Lender who has agreed to lend money to the mortgagor.	
8. Survey--Check of property boundaries in order to avoid confusion over property placement.	
9. Principal--Amount of money borrowed in a mortgage loan, excluding interest charges.	
10. Interest--Cost paid by the borrower for use of borrowed money.	
II. Locating housing	Assign. #1
A. Types of dwellings from which to choose	Assign. #2 Assign. #3
1. Single family	
2. Multiple housing	
3. Row or townhouses	
4. Condominium	TM-V-1 TM-V-2
5. Mobile homes	
6. Public-supported housing	
B. Considerations in choosing a location	TM-V-3
1. Urban, suburban or rural	
2. Convenience requirements	
3. Safety and noise factors	

	Related Materials
4. Neighborhood features	Assign. #4
a. Schools b. Churches c. Shopping d. Recreation	
III. Renting, building or buying housing	TM-V-4
A. General price range	Assign. #5
1. Comparisons	
2. Calculating spending limits	
B. Psychological considerations	TM-V-5
1. Pride of ownership	
2. Mobility and freedom	
3. Lifestyle patterns	
C. Seeking professional services	Assign. #6
1. Realtor	Assign. #7 TM-V-6
2. Builder/contractor	
3. Architect	
4. Attorney	
D. Monthly shelter costs	TM-V-7
1. Rent or mortgage payment	
2. Taxes and association dues	
3. Fuel	
4. Utilities	
5. Maintenance	Assign. #8
6. Refuse collection	
7. Insurance	
8. Improvements	

INFORMATION SHEET

	Related Materials
IV. Insuring your dwelling	TM-V-8
A. Homeowners insurance	
B. Mortgage life insurance	
C. Household goods insurance	
1. Up-to-date content inventory	
2. Adequate replacement cost coverage	Assign. #9
D. Comprehensive personal liability	
E. Buyer's protection plan	
V. Rental housing	TM-V-9
A. Common lease provisions	
B. Usual deposit requirements	
C. Maintenance agreements	
1. Landlord responsibilities	
2. Renter responsibilities	
D. Advantages and disadvantages	
VI. Building your home	
A. Selecting a design	Assign. #10
1. Working with an architect	
2. Choosing a contractor	
3. Examining factory-built homes	
B. Selecting and buying a building site	
C. Building code requirements	
VII. Buying an existing home	
A. Age of home	
B. Neighborhood	

5

Related Materials

C. Resale value

D. Owner improvements

1. Unfinished and finished projects

2. Future replacement needs

E. Steps in purchasing a home

1. Home selection

2. Purchase offer made

3. Sale agreement signed

4. Earnest money deposited

5. Title search made

6. Abstract of title made

7. Title, insurance arranged

8. Mortgage arrangement completed

9. Deed signed and delivered

10. Deed recorded — Assign. #11

VIII. Financing

A. Sources

1. Cash

2. Savings and loan associations

3. Commercial banks

4. Finance companies

5. Life insurance companies

6. Friends and relatives

7. Government insured loans

a. FHA (Federal Housing Association)
b. VA (Veterans Administration)

INFORMATION SHEET

Related Materials

B. Types

  1. Straight mortgage (single payment)
  2. Amortized loan

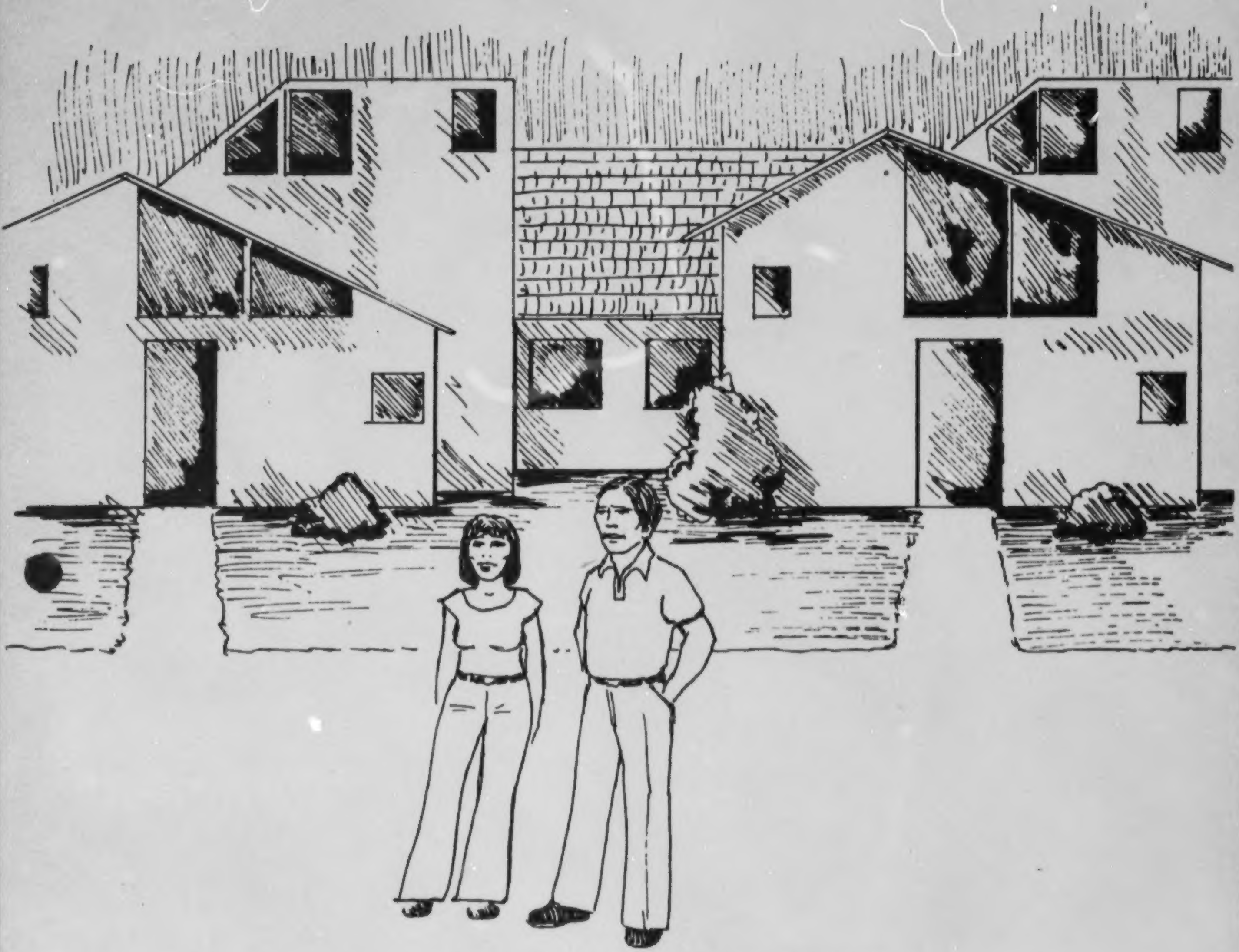
C. Features in a mortgage contract

  1. Prepayment privilege
  2. Package or open-end

D. Monetary requirements

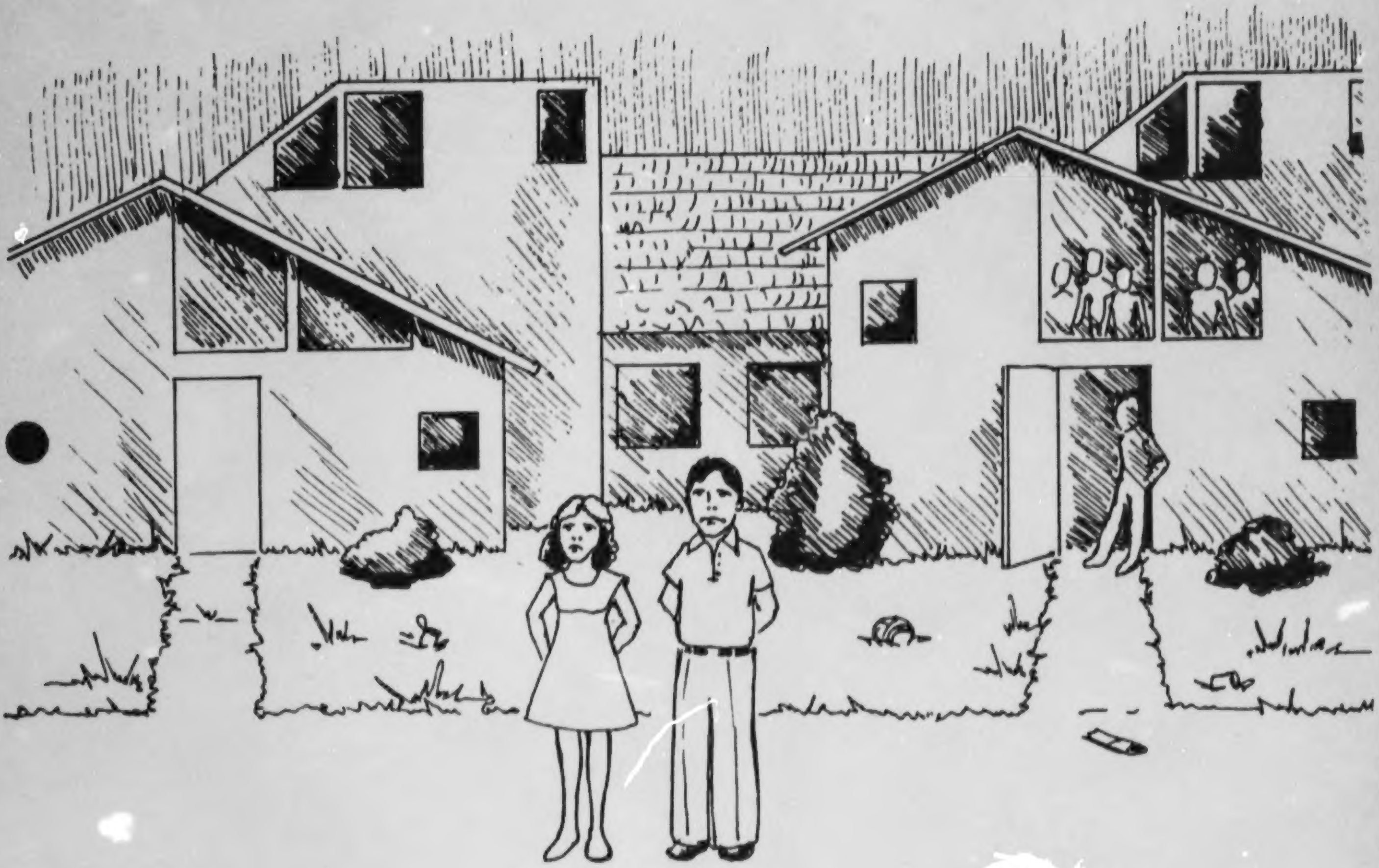
  1. Budgeting and income factors — Assign. #12
  2. Preliminary costs
     a. Loan origination fee
     b. Escrow or earnest money
     c. Appraisals and inspections
  3. Credit check
  4. Down payment
  5. Settlement and closing costs — TM-V-10
  6. Possession
  7. Monthly payments
     a. Interest
     b. Equity
  8. Mortgage insurance

CONDOMINIUMS. . .The Advantages



1. TAX AND EQUITY BENEFITS
2. REDUCED MAINTENANCE OBLIGATIONS
3. DESIRABLE LOCATIONS
4. PROPERTY SECURITY

CONDOMINIUMS
The Disadvantages



POOR MANAGEMENT
HIGHER-THAN-EXPECTED COSTS
LACK OF PRIVACY
HARD TO RESELL

TM - V - 3

Checklist for Housing Selection

	RATING SCALE
Convenience of location	
Site	
Local government regulations	
Exterior appearance	
Trend of neighborhood	
Cost	
Family needs, values, goals	
Construction (insulation, drainage, etc.)	
Utilities and services	
TOTAL POINTS	

PICK A DWELLING - RATE IT ON A SCALE OF 1 TO 10

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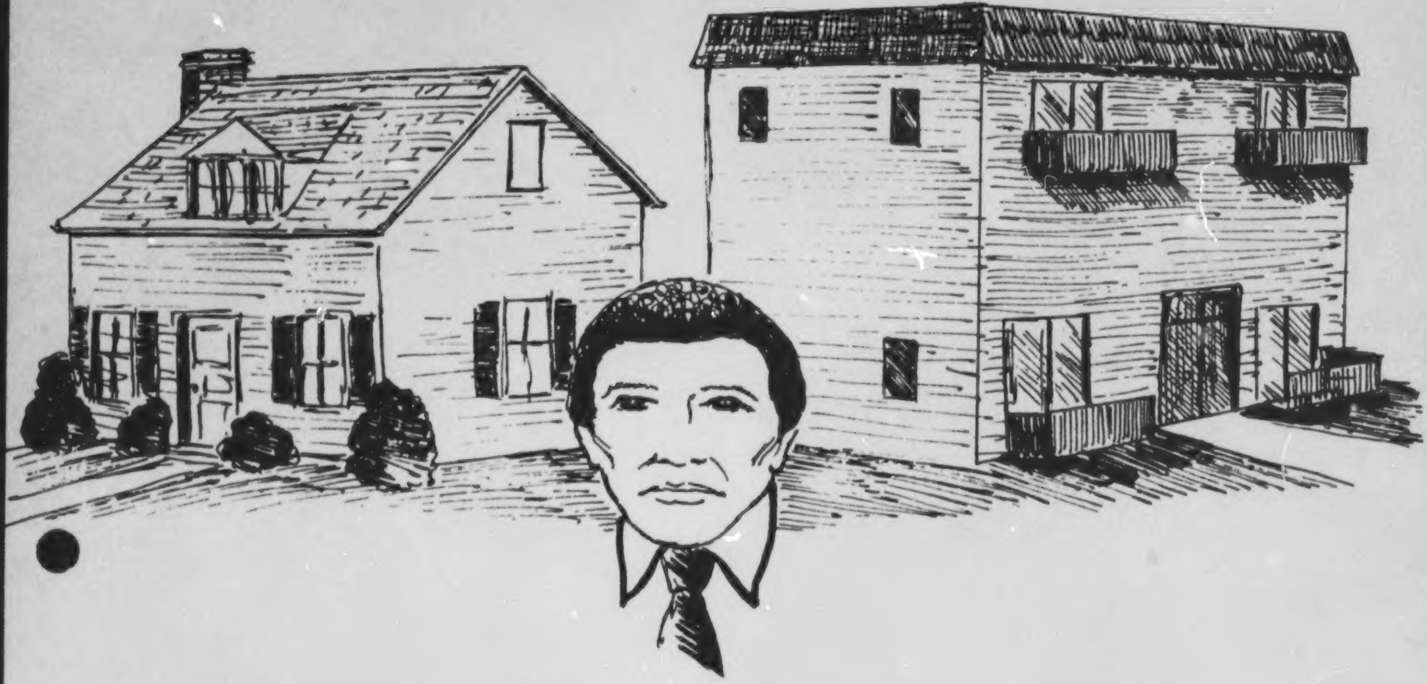
Buy or Rent?



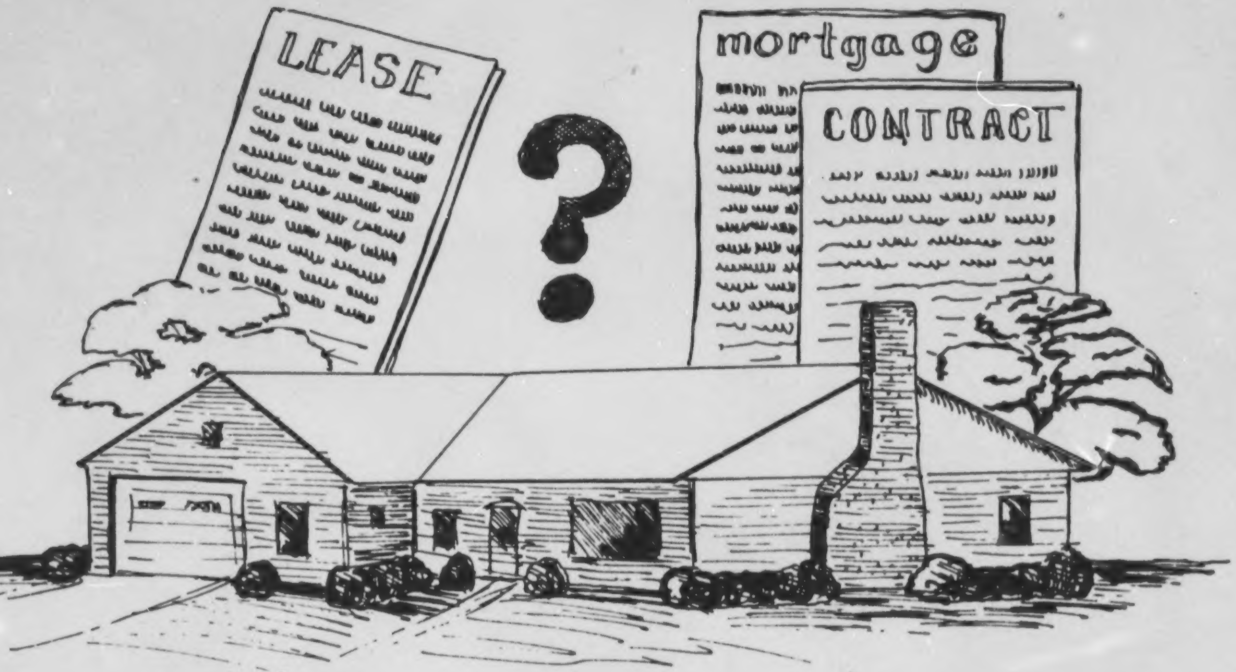
investment equity

MOBILITY

pride of ownership

FREE MAINTENANCE

THE HOUSING QUESTION



GOOD INVESTMENT ?

OWNERSHIP RESPONSIBILITIES?

RISK OF FINANCIAL LOSS?

SUFFICIENT FUNDS TO BUY?

FREEDOM OF MOVEMENT?

ASSETS LIQUID?

MAXIMUM $ TO SPEND?

FEELING OF SECURITY?

FREEDOM OF DECORATION?

IMPROVED CREDIT RATING?

ATTORNEY NEEDED?

PROTECTION AGAINST INFLATION?

A PROFESSIONAL REALTOR

1. HAS RECOMMENDATIONS
   (neighbors, bank officers, etc.)
2. SPECIALIZES IN REAL ESTATE TRANSACTIONS
3. IS EXPERIENCED, TRUSTWORTHY AND FAIR
4. HAS THE TIME TO HELP YOU
5. IS EASY TO GET ALONG WITH

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COMPONENT COSTS OF HOME OWNERSHIP

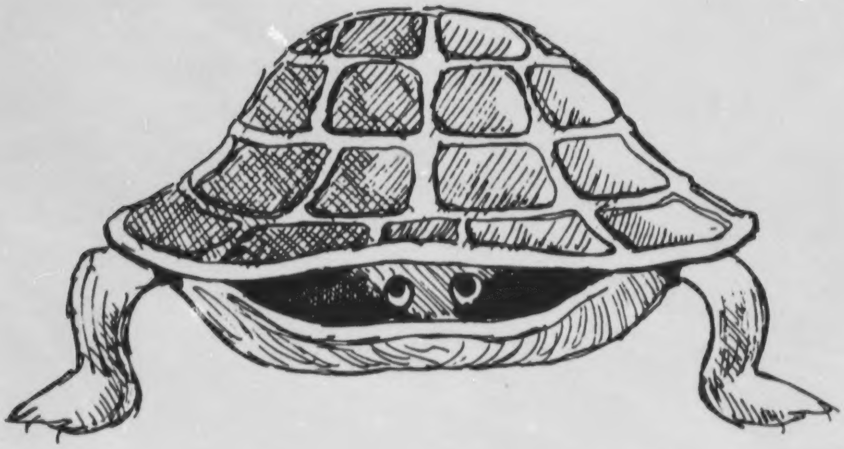
Year	Total monthly cost(1)	Sales price(2)	Mortgage interest rate	Insurance	Property taxes	Maintenance, repairs	Utilities
1970	$217	$23,400	8.45%	$ 5.65	$31.76	$12.15	$26.74
1971	230	25,200	7.74	10.09	37.89	13.20	26.27
1972	256	27,600	7.60	6.50	47.45	15.88	31.87
1973	305	32,500	7.95	7.84	50.63	20.82	38.54
1974	370	35,900	8.92	13.12	62.80	24.00	45.35
1975	396	39,300	9.01	10.68	64.98	26.45	46.21
1970-75	+82.4%	+67.9%	+6.6%	+89.0%	+104.6%	+117.7%	+72.8%

(1) Includes mortgage principal and interest costs based upon a 25% downpayment

(2) Median sales price of new single-family homes

Source: Congressional Budget Office, U.S. League of Savings Associations

HE HAS SECURITY- - -DO HOMEOWNERS?

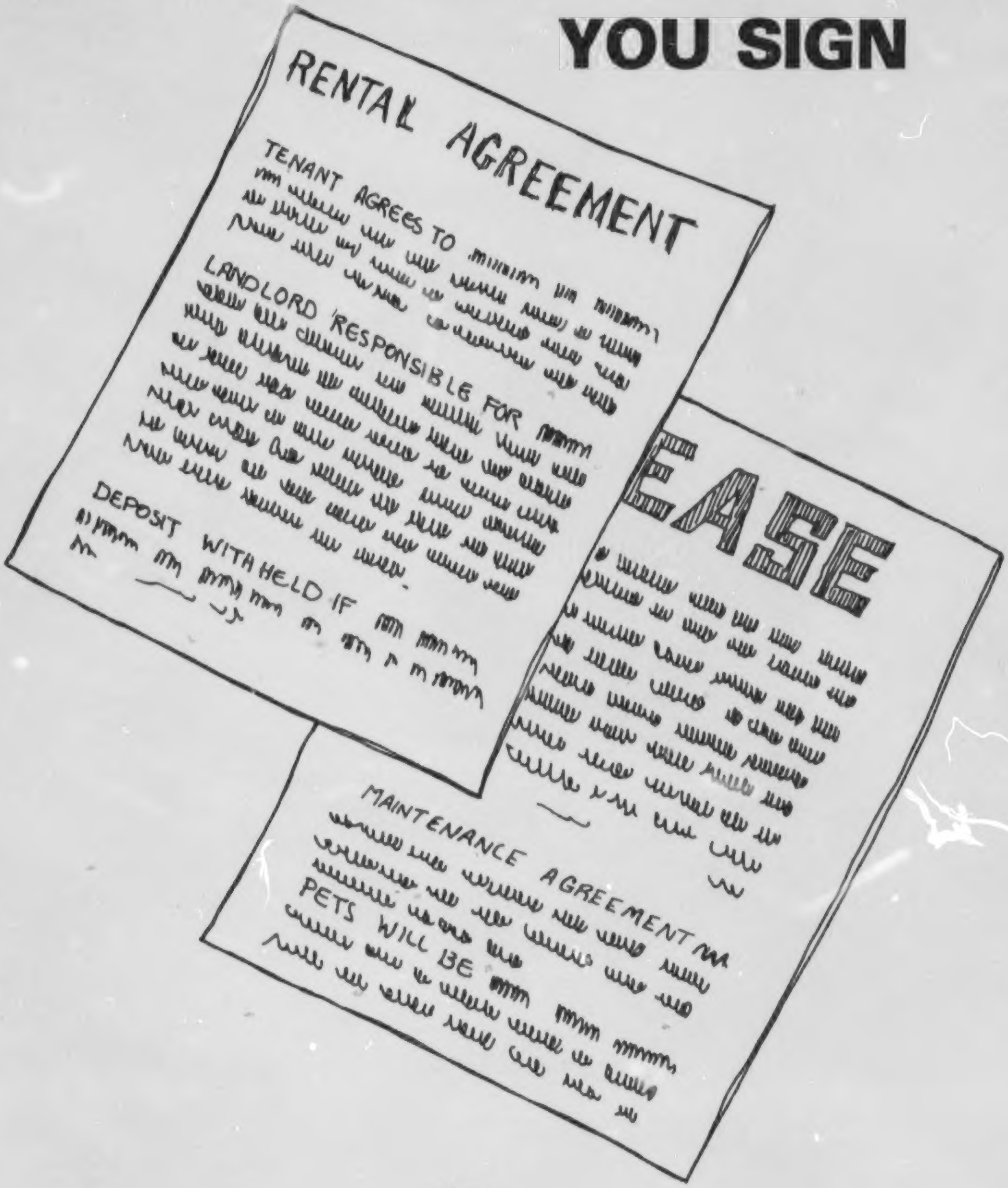


Types of Insurance "Security"

A. HOMEOWNER'S
B. MORTGAGE LIFE
C. HOUSEHOLD GOODS
D. COMPREHENSIVE PERSONAL LIABILITY
E. BUYERS PROTECTION PLAN

TM - V - 9

STOP READ *BEFORE* YOU SIGN


RENTAL AGREEMENT
TENANT AGREES TO
LANDLORD RESPONSIBLE FOR
DEPOSIT WITHHELD IF
EASE
MAINTENANCE AGREEMENT
PETS WILL BE

TM - V - 10

CLOSING COSTS

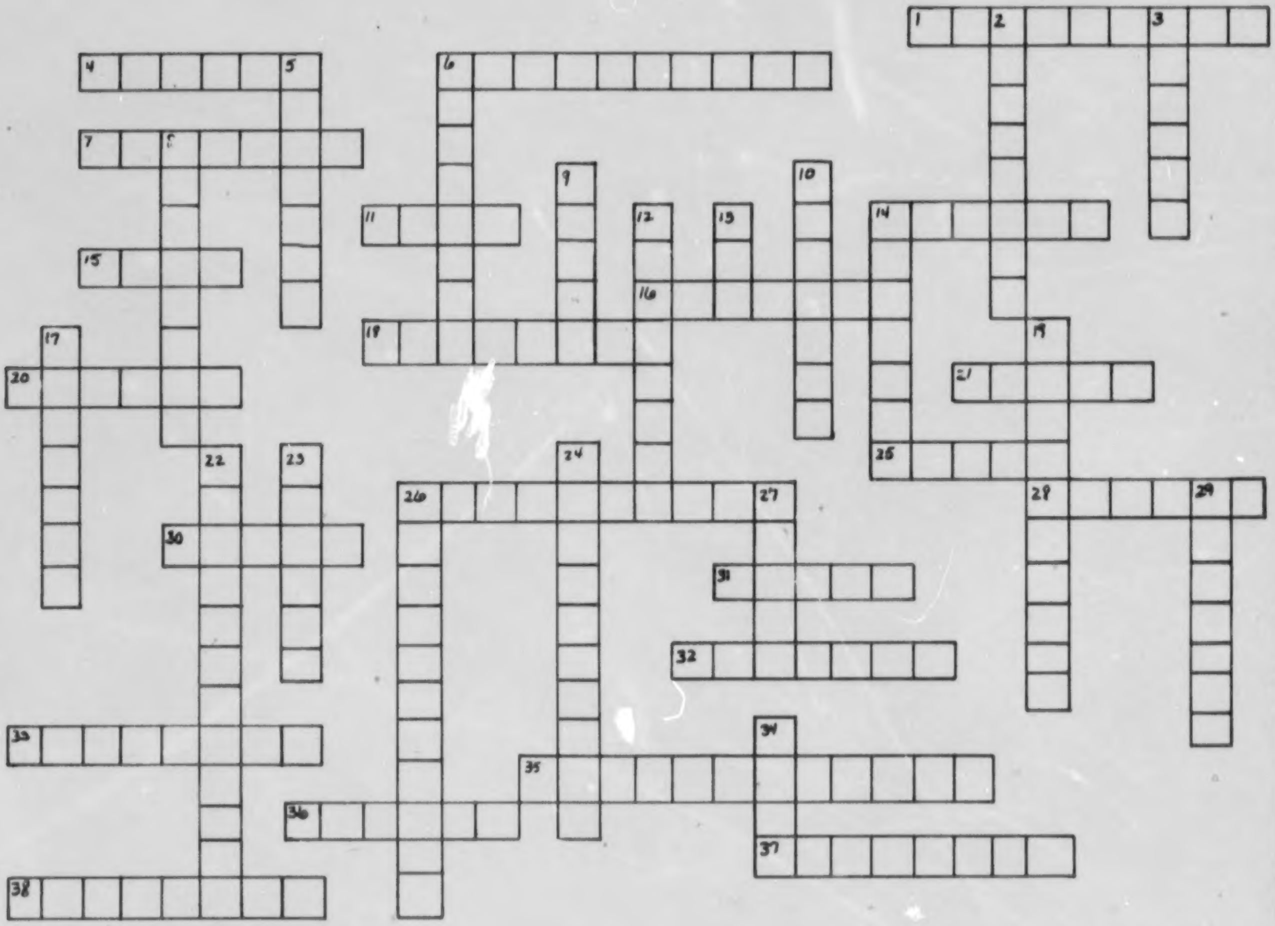
BUYER PAYS	SELLER PAYS
RECORDING FEES (Deed and mortgage)	COST OF ABSTRACT
DEED TRANSFER TAX	PREPARATION OF DEED
TITLE INSURANCE PREMIUM	DEED TRANSFER TAX
ATTORNEY'S FEE	U.S. DOCUMENTARY TAX
APPRAISAL AND INSPECTION COSTS	REALTOR'S COMMISSION 6-7%
SURVEY CHARGES	RECORDING FEE FOR MORTGAGE
NOTARY PUBLIC FEE	
SETTLEMENT FEE	
CREDIT REPORT	
APPLICATION FOR LIENS	
ESCROW FEE	

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #1: CROSSWORD PUZZLE ON HOUSING TERMS

Directions: Using the clues provided within this assignment, complete the puzzle using terms commonly associated with housing.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ACROSS

1. A multi-family rental housing unit
4. A type of movable home
6. The amount owed on property for tax purposes
7. A value in housing important to individuals who seek independence
11. The part of a property that usually requires time-consuming care from the homeowner
14. The amount your property is worth minus what you owe on it
15. A sum of money borrowed with the agreement to repay according to the terms set by the lender
16. A real estate broker
18. The fee one pays for the use of someone else's money
20. A value in housing which makes individuals desire an aesthetically pleasing environment
21. One who has bought property
25. A legal document attesting to an individual's ownership of property
26. Property of monetary value put up to secure a loan
28. An institution which some families wish to find near the neighborhood where they establish homes
30. Objectives toward which individuals work
31. Funds assessed by local, state and national governments to provide services for the general public
32. One basic physical need of families and individuals
33. A basis of comparison which sets acceptable limits for a desired goal
35. One factor which influences housing choices
36. A value in housing which makes individuals seek facilities for sharing as well as opportunities for privacy when they make housing choices
37. A housing value held by individuals who have a great desire for the attention and respect of others
38. A professional person legally empowered to act for a client

ASSIGNMENT SHEET

DOWN

2. To estimate the value of property
3. A written agreement put in the care of a third party which does not become effective until certain conditions are fulfilled
5. A housing value important to families who place special emphasis on price
6. The legal description of a property plus its history of ownership
8. A housing value held by individuals who respect the rights of others
9. One of the factors influencing housing choices which is affected by the size of the family, the activities family members engage in and the possessions they have to store
10. Paying for the use of someone else's property
12. A legal agreement which pledges property as security for the payment of a loan and stipulates the procedure which will follow if the borrower fails to repay the loan
13. A source for mortgage loans involving a small risk for the lending institution (initials--3 letters)
14. A deposit of money made on property you wish to purchase to signify your intent to go through with the deal
17. A housing value which prompts individuals to seek adequate room and facilities for recreation
19. A term applied to the type of savings which equity represents
22. Reducing the principal of a loan by making regular payments on it
23. The important ideals and beliefs of individuals which influence the choices and decisions they make
24. A factor influencing housing choices dependent upon services desired
26. A multi-family housing unit in which apartments can be purchased and maintained by individual owners who also hold a proportionate interest in the common areas of the property
27. A legal document describing the obligations agreed to by a tenant and a landlord

29. A type of mortgage agreement that allows for the borrowing of additional sums under the terms of the original mortgage agreement

34. A type of multi-family dwelling in which apartments may not be purchased outright and in which profits, expenses and risks are shared by the individuals and families who select this type of housing (abbreviation)

Developed by Mrs. Mary Lois Scott, Home Economics Teacher, Wellington, Texas.

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #2: THE DEBATE ON HOUSING

Directions: Use the space below to write down some ideas and thoughts on the question, "Which is the best solution to the housing problem--to rent, buy or build?" You will want to contribute some of your opinions (based on the notes you make below) to the round table discussion which will follow.

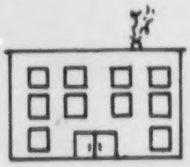
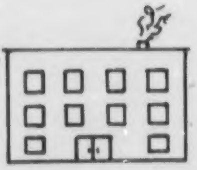
	PRO	CON
RENT?		
BUY?		
BUILD?		

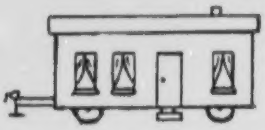
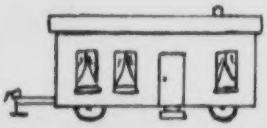
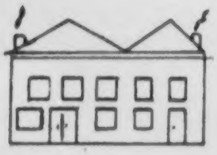
Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #3: COMPARE HOUSING ALTERNATIVES

Directions: Read the housing alternatives and their descriptions. Consider your values as they relate to the types of housing listed. Choose at least three housing alternatives. In the column labeled "My Housing Choice and Explanation," describe a situation in your life in which you might select the particular type of housing (for example, single and working, just married, married with two children, retired with no family at home). Explain how your specific values would influence your choice.

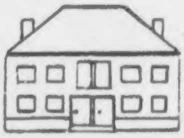
HOUSING	DESCRIPTION OF HOUSING	MY HOUSING CHOICE AND EXPLANATION
Rented furnished apartment 	Furniture included. Caretaker has general responsibility of upkeep and repairs.	
Rented unfurnished apartment 	Furniture not included. Caretaker has general responsibilities of upkeep and repairs.	

HOUSING	DESCRIPTION OF HOUSING	MY HOUSING CHOICE AND EXPLANATION
Buy mobile home 	Put mobile home on a lot requiring rent. Upkeep of lot is responsibility of renter	
Rent mobile home 	Rent paid includes use of lot and mobile home. Upkeep of lot is responsibility of renter. Taxes on mobile home are owner's responsibility.	
Rent furnished room 	One room with furniture. Usually no cooking facilities included. Usually a community bath.	

Name ______________________________

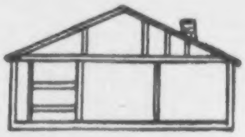
ASSIGNMENT SHEET #3

HOUSING	DESCRIPTION OF HOUSING	MY HOUSING CHOICE AND EXPLANATION
Rent unfurnished house 	Furniture and major appliances not provided. Landlord has major responsibilities of upkeep, repairs, and taxes. Lease may be required.	
Rent furnished house 	Furniture is provided. Major appliances are included. Landlord has major responsibility of upkeep, repairs and taxes. Lease may be required.	
Buy duplex 	Purchase two separate, identical apartments both in one dwelling. Can live in one and rent the other. Owner has full responsibility of upkeep.	

HOUSING	DESCRIPTION OF HOUSING	MY HOUSING CHOICE AND EXPLANATION
Rent duplex 	Rent one of two separate identical apartments in one dwelling. Landlord has major responsibilities of upkeep. Renter may have some responsibilities.	
Buy condominium 	Purchase a specific apartment in a building. Hallways and land are jointly owned by all persons in condominium. Each owner gives a yearly fee to cover maintenance personnel.	
Buy own house 	Furniture must be provided by the purchaser. Owner is responsible for upkeep, repairs and taxes on property.	

Name ______________________________

ASSIGNMENT SHEET #3

HOUSING	DESCRIPTION OF HOUSING	MY HOUSING CHOICE AND EXPLANATION
Build own house 	Pay for and either build or have built house of desired plan. Owner has full responsibility for taxes, upkeep and repairs.	

Source: *Housing and Home Furnishings* by Joyce Sawatzsky. Vocational Home Economics Education, State Department of Vocational-Technical Education, Stillwater, Oklahoma 74074.

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #4: EVALUATE HOUSING LOCATIONS

Directions: Consider practical aspects of a neighborhood, such as time and distance to place of work and to schools, availability of transportation, and "atmosphere" or "life-style." These are important when selecting the right location and neighborhood for you. As you shop, compare neighborhoods as much as houses.

Make your own personal observations, but also consult a builder, local government officials, real estate agent and friends. As you explore various homes and neighborhoods, use these checkpoints to compare them and see whether the housing environment matches up with your wants and needs.

(NOTE: This assignment may be completed during a field trip or as a home experience.)

	HOME 1	HOME 2	HOME 3
Shopping Are there adequate facilities close by?			
Churches Are they available and convenient?			
Community Is the community well-planned?			
Neighbors Are they likely to be compatible with your tastes and life-style?			
Police and Fire Protection Are they adequate for the area?			
Schools Are the schools your children will attend located to suit you?			
Hospital Is there a hospital or medical center nearby?			
Hazards Are hazards, such as gas or oil tanks and streams that might overflow, at a considerable distance?			

	HOME 1	HOME 2	HOME 3
Recreation Are there suitable facilities within walking distance for young and old alike?			
Trash and Garbage Disposal Are the arrangements adequate and frequent enough?			
Traffic Are streets likely to be busy or quiet?			
Does the speed limit suit you?			
Car Parking Are there adequate parking spaces and garage facilities for your needs?			
Transportation Is public transportation adequate and handy?			
Lay of the Land Is land well-drained? Do you like the "microclimate"? For example, in a valley you may have a great deal of fog; on a hill, it may be windy!			
Landscaping Has proper landscaping been done to prevent erosion?			
Water Is there a reliable and drinkable source of water with adequate pressure to fit present and future community needs?			
Sewerage Is the sanitary sewerage disposal system reliable and adequate and does it meet present and anticipated future community needs?			
Privacy Are lots or units arranged to suit your family life-style?			
Nuisances Are there nearby sources of excessive noise, smoke, soot, dust, or odors that will degrade your housing environment or endanger members of your household?			

Name ______________________________

ASSIGNMENT SHEET #4

	HOME 1	HOME 2	HOME 3
Assessments Are there special assessments covering a portion of the lot, street, or community development costs which will mean added monthly charges to you for a specified number of years?			
Zoning Are only single-unit residences allowed in this area?			
Are business and industry concerns prohibited in this area?			

Source: *Housing and Home Furnishings* by Joyce Sawatzsky. Vocational Home Economic Education, State Department of Vocational-Technical Education, Stillwater, Oklahoma 74074.

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #5: CALCULATE SPENDING LIMITS FOR HOUSING

Directions: Using the general spending rules given below, figure the maximum amounts each character in the eight situations should spend on his or her housing. Identify the rule you used as a basis for arriving at the limit.

GENERAL SPENDING RULES

1. Don't spend more than 1 1/2 to 2 times your annual income on housing.
2. A buyer usually cannot afford housing that costs more than 100 times the monthly mortgage payment or rent.
3. One month's housing expenses should not exceed one week's pay (or 25% of the person's monthly income).
4. One week's pay should equal one percent of the price of the house.

* * * * *

CASES FOR CALCULATION

1. Jim earns $10,000 a year, while his wife brings home $300 a month. When they go "house hunting," what is the maximum price range in which they should consider buying a home?

2. Carl has been renting an apartment for $200 a month. However, he wants to purchase a home in the spring. What is the maximum amount he should consider paying?

3. Sarah has a job as a clerk-typist at a bank and earns $400 a month. One of the secretaries at the bank has asked Sarah to share an apartment with her. Sarah's share of the monthly expenses would amount to $100. Is this amount "out of line" with what Sarah can afford to pay for housing? Why or why not?

4. John just purchased a home costing $16,000. He is an accountant and is currently interviewing for jobs. How much salary should he ask for in order to pay for his home comfortably?

5. Kevin and Karen have "fallen in love" with a home design that would cost $40,000 to build. Kevin is a computer programmer and earns $24,000 a year. Karen is a bookkeeper and brings home a weekly salary of $125. Based on their current incomes, can they afford a $40,000 house? Why or why not?

6. Sally and Tom Jackson are young, healthy and ambitious. They both have secure jobs and plan to stay in the area. Tom's income is $7,650 per year and Sally's income is $12,000 per year. What price range of home can they consider?

7. Jan and Keith Nelson are now renting an unfurnished apartment for $185 per month. They pay their own bills. They do not want to change substantially the amount they budget for housing. How much can they spend on a home?

8. Barbara Scott brings home $125 weekly. How much can she safely budget for housing costs?

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #6: QUESTION REALTORS

Directions: Contact an area real estate agent (licensed broker) to find the answers to the following questions:

Agent's Name ______________________________ Phone No. ____________

Representing Company ____

* * * * *

1. What are the state or local requirements for becoming a licensed realtor?
2. Define MLS (Multiple Listing Service).
3. What are the advantages of a prospective buyer or seller's using the listing service? Disadvantages?
4. What types of housing are most common in our area?
5. What types of housing do not exist in our area? Why not?
6. What is the average price range of house values sold within this school district?
7. What amount is generally required for a down payment?
8. What are the typical closing costs for a home purchase?
9. What percentage of the sale price is usually paid in monthly payments?
10. Does this monthly payment include taxes and insurance on the home?
11. Which would cost less--to buy a home in a highly desirable established neighborhood or to build the same house in a newly developed suburban area? Why?
12. What developments in real estate and housing do you see in the next 20 years?
13. What services do realtors provide for a prospective home buyer that he or she could not perform independently?

14. Who pays for the cost of the realtor's services, the home buyer or the seller?

15. What amount is this cost?

Name ______________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #7: INTERVIEW HOMEOWNERS

Directions: Answer the following questions by interviewing different homeowners who have recently (during the last five years) purchased a home. Interview at least three different homeowners.

	OWNER #1	OWNER #2	OWNER #3
How old is the head of your household?			
Why did you buy a home?			
What financial or legal steps did you encounter?			

	OWNER #1	OWNER #2	OWNER #3
How did you estimate the "safe" amount to spend on housing?			
From what type of lending agency did you secure your loan?			
What kind of mortgage did you obtain? Why?			
What type of prepurchase inspections were made?			

Name ______________________

ASSIGNMENT SHEET #7

	OWNER #1	OWNER #2	OWNER #3
What type of costs did you pay?			
What kind of insurance do you have (homeowners, mortgage, etc.)?			
How long do you plan to live in this home?			

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #8: COMPARING HOME REPAIR COSTS

Directions: Complete the chart below through interviews, then number (Repair Job 1, 2 or 3) your choice of the type of repairers you would select for the repair work below:

1. Electrical outlet installation
2. Broken window pane replaced
3. Lavatory pipes clogged

Repair Source	Work Guaranteed?	Hourly Rate or Job Cost?	Supplies own needed parts?	Available after hours or weekends?
Licensed, professionally trained: ________________________ Name				
Unlicensed or general "fix-it" person ________________________ Name				
Union member repairer *________________________ Name				

Repair Source	Work Guaranteed?	Hourly Rate or Job Cost?	Supplies own needed parts?	Available after hours or weekends?
Nonunion member repairer *____________ Name				
Do-it-yourself ____________ Name				

*May be the same as above.

Name ____________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #9: COSTS FOR FURNISHING A HOME

After a person obtains a place to live, there is the added cost of furnishing it. Even with "hand-me-down" pieces from attics or borrowed items, the cost of furnishing even the smallest, simplest home can be high.

PART ONE

Directions: How much did it cost to furnish your present dwelling (your bedroom, etc.)? To find out, begin by making a personal inventory list of the items used to furnish your "home" (beds, bedding, records, lamps). Next, make an estimate of the original cost of each item and then how much it would cost to replace each item at today's prices. What is the total for each? Are you surprised at how "valuable" your home furnishings are? Why would it be useful to make and keep an actual current household contents inventory?

PART TWO

Directions: Below is a list of items you might choose as basic furnishings for a small home today. The list is divided into two categories: essentials and extras. Add items to each list if you feel they are necessary. Then, in the column to the right, estimate what you think each item would cost to purchase. Total the amounts for each room and then arrive at a "grand total."

ESSENTIALS	ITEM COST	TOTAL
Living Room		
Three-cushion sofa ---------------	$________	
Two end tables -------------------	________	
Two table lamps ------------------	________	
Area rug 9 x 12 ------------------	________	
Pleated drapes 96" x 84" foam-backed -------------------------	________	
Chair w/cushions -----------------	________	
Bookcase -------------------------	________	
		$________

ESSENTIALS	ITEM COST	TOTAL
Dining Room		
Set 42" table and 4 chairs --------	$________	
Tablecloth, 52" x 70" -------------	________	
Ironstone dinnerware, 45-piece ----	________	
Stainless steel flatware service for 8 with servers ------	________	
Glasses/8, three sizes ------------	________	
		$________
Bedroom		
Mattress and box springs, standard double size --------------------	$________	
Metal frame w/casters -------------	________	
Mattress cover --------------------	________	
Two pillows, fiber-filled, standard size ------------------	________	
Four pillow cases -----------------	________	
Four percale sheets, standard size two fitted bottoms and two uppers -------------------------	________	
Sheet blanket ---------------------	________	
Blankets, wool and nylon blend (2) ---------------------	________	
Bedspread -------------------------	________	
Nightstand ------------------------	________	
Bedside lamps ---------------------	________	
Radio alarm clock -----------------	________	
Five-drawer dresser ---------------	________	
Mirror, 24" x 36" -----------------	________	
Window curtains, 48" x 84" --------	________	
Scatter rugs (2) ------------------	________	
		$________

Name ______________________

ASSIGNMENT SHEET #9

ESSENTIALS	ITEM COST	TOTAL
Bath		
Cotton washcloths and towels, 12-piece set	$______	
Shower curtain	______	
Bath mat, 24" x 36"	______	
Wastebasket	______	$______
Kitchen		
Cookware, ten-piece basic set nonstick coated	$______	
Bakeware, basic six-piece aluminum	______	$______

EXTRAS	ITEM COST	TOTAL
Living Room		
Sleeper sofa	$______	
Upholstered chair	______	
Coffee table	______	
Floor lamp	______	$______
Dining Room		
Glasses (8)	$______	
Table cutlery, 5-piece set	______	$______
Bedroom		
Headboard, standard, double size	$______	
Dresser (nine drawer) double	______	
Clothes hamper	______	$______

EXTRAS	ITEM COST	TOTAL
Bath		
Throw rug, nylon pile, 24" x 36"	$________	
Shower curtain	________	
Floor scale	________	
		$________
Kitchen		
Hand mixer, electric 5-speed	$________	
Coffee pot, electric, four to five cups	________	
Casserole dish	________	
		$________
GRAND TOTAL (Before sales tax and delivery charges)		$________

Name ____________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #10: EVALUATE FLOOR PLANS

Directions: Using the guidelines in the chart below, evaluate the following two floor plans plus one floor plan of your choosing.

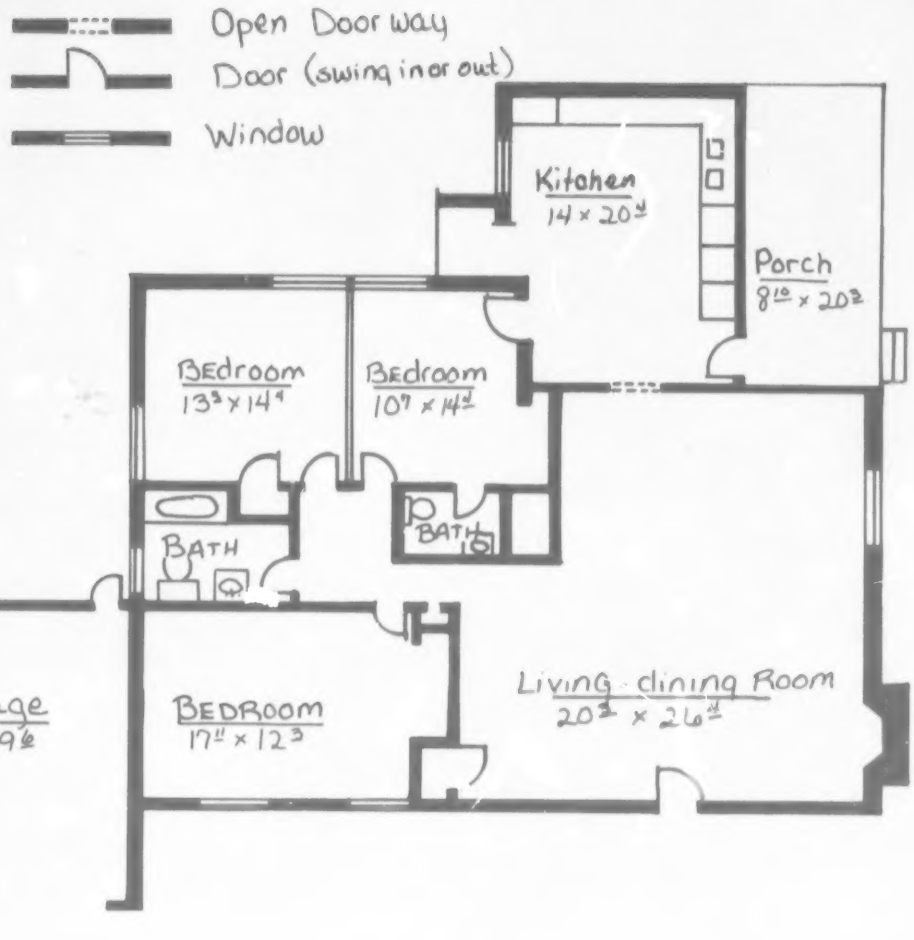
	HOUSE 1		HOUSE 2		HOUSE 3	
	Yes	No	Yes	No	Yes	No
In the *entrance area* look for:						
Sheltered doorway						
Few steps to climb						
Good access to all areas						
Space for removal of coats						
In the *bedroom area* look for:						
Quiet location						
Privacy for older children and adults						
Good ventilation						
Place for students to do homework						
Space for beds and bedmaking						
Conveniently located bathrooms						
Good closet and storage space						
In the *living room area* look for:						
Space that is not crossed by traffic						
Wall space for furniture						
Size in proportion to the number of bedrooms and in relation to needs and desires						

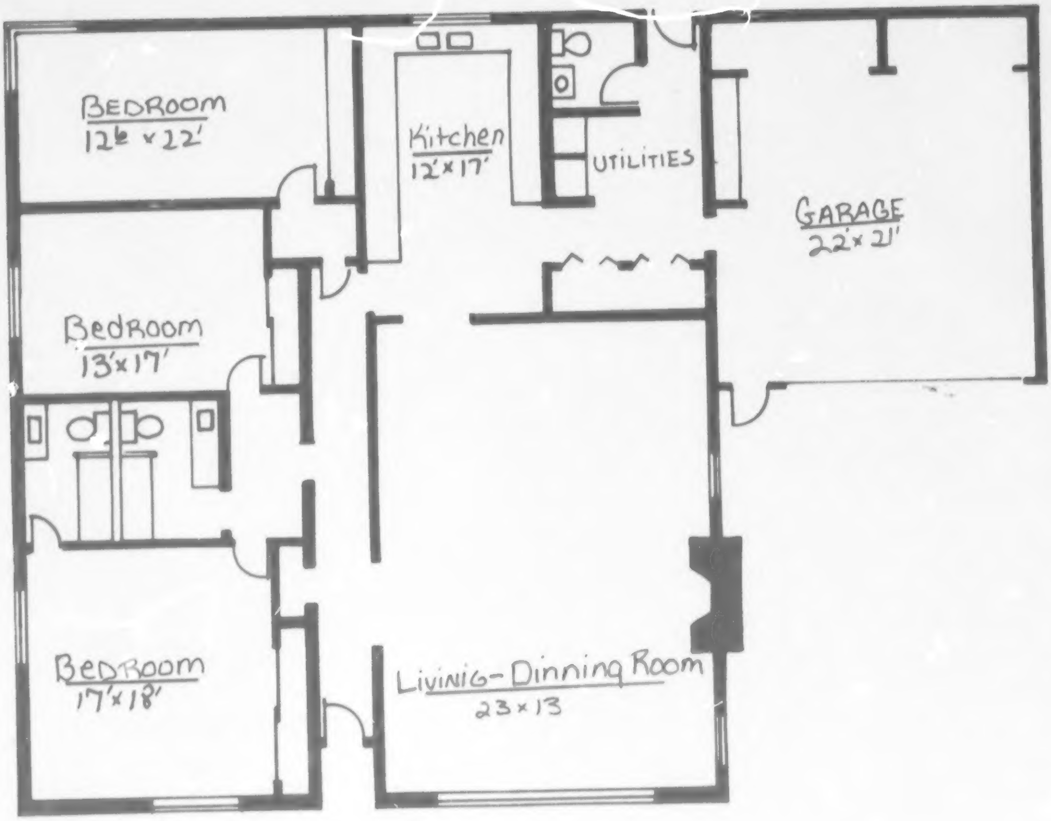
	HOUSE 1		HOUSE 2		HOUSE 3	
	Yes	No	Yes	No	Yes	No
In the *living room area* look for:						
Room with at least two exposures to permit cross-ventilation						
Screening from the street for privacy, such as walls, shrubbery, or window arrangement						
In the *dining area* look for:						
Easy access to kitchen						
Pleasant view						
Space for the entire family for formal and informal meals						
Adequate dish storage						
In the *kitchen area* look for:						
Adequate but not excessive floor area						
Ample counter space						
Sufficient storage space						
Plan that does not isolate the homemaker						
Easy access to dining room, garage, work area and entrances						
Second place for informal meals						
View of the area where children play						
In addition, look for:						
Space for tools and perhaps a workshop						
Place for children to play on stormy days						
Garage that is large enough						

(NOTE: All of the rooms mentioned above will not likely be in your first home, but if you have a future plan in mind, you can work toward this goal. Remember that the proper relationship of activity areas and traffic lanes to each other in a house plan make housing easier to care for and more convenient and pleasant to live in.)

Name ______________________________

ASSIGNMENT SHEET #10


Open Door way
Door (swing in or out)
Window
Kitchen
14×20^4
Porch
$8^{10} \times 20^3$
Bedroom
$13^3 \times 14^4$
Bedroom
$10^7 \times 14^4$
BATH
BATH
Garage
16×19^6
BEDROOM
$17^{11} \times 12^3$
Living - dining Room
$20^3 \times 26^4$


BEDROOM
12½ x 22'
Kitchen
12'x17'
UTILITIES
GARAGE
22'x 21'
Bedroom
13'x17'
BEDROOM
17'x18'
Livinig-Dinning Room
23x13

S..rce: *Housing and Home Furnishings*, by Joyce Sawatzski, Vocational Home Economics Education, State Department of Vocational-Technical Education, Stillwater, Oklahoma 74074.

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #11: SEQUENCE STEPS OF HOME PURCHASING

Directions: The following is a narrative of steps the Bakers proceeded through when they purchased their home. However, the steps are out of sequence. Rearrange them into proper procedural order by placing the sequence number (1, 2, 3, etc.) in the blank to the left of each statement.

____ A. An abstract of the title for the name was made.

____ B. Mr. Baker arranged for title insurance through the realtor's company.

____ C. Mrs. Baker selected the home at 407 Westwind Lane.

____ D. Mrs. Baker wrote an earnest money check amounting to $550.

____ E. Their realtor delivered the deed and the Bakers signed it.

____ F. The realtor made sure the deed was correctly recorded at the county courthouse.

____ G. Mr. Baker arranged for the mortgage loan.

____ H. A title search was made on the house.

____ I. The Bakers made a purchase bid on the house with their realtor.

____ J. The bid was accepted and a sale agreement was signed.

Name ______________________________

YOUR HOUSING
UNIT V

ASSIGNMENT SHEET #12: ASSESS BUDGETING AND INCOME FACTORS IN HOME FINANCING

Directions: Read the five cases. Then give your opinion by answering the related case questions.

CASE A: Kathy and Doug Martin are planning to buy a home as soon as possible. Doug has taken over Kathy's father's prosperous funeral home business and is doing well. Kathy teaches physical education at the local high school. They are planning to have children soon.

Questions

1. What possible changes do you see in Kathy and Doug's income?
2. How will these changes affect the amount of money they will have available for housing?
3. Assuming Doug's job is both profitable and stable, how can the couple decide how much to spend on a home?

CASE B: Betty and Bob are looking for a home to purchase for themselves and their four school-age children. Bob is a sales representative for a car dealership and Betty is a secretary. They have looked at several homes but are having difficulty deciding how much they should spend.

Questions

1. How stable is a car sales representative's job?
2. Project future expenses on other items for this large family.
3. In view of the first two answers, make suggestions for investing in a home for this family.

CASE C: Angie and Bill and their two children are growing out of their trailer home and are searching for suitable housing. They cannot afford an expensive home because Bill's recent accident and hospital stay used most of their reserve savings. They are discussing purchasing an older home and fixing it up to their liking.

Questions

1. What problems do you see for this couple if they follow the above plan?

2. Do you see alternatives to their plan which might be less expensive in the long run?

CASE D: Alice and Don are a young couple in their late 20's. They have decided not to have any children. For the past several years of their marriage they have traveled extensively when the demands of their successful careers allowed them to do so. They have always lived in apartments but are now ready to purchase a home and do some entertaining.

Questions

1. What are the values of this couple, according to this story?

2. How will each value affect the amount of money they may be willing to pay?

3. Assuming that by "successful careers" this couple has an above-average income, how would you compute the amount they could afford to spend on housing?

CASE E: Mary is a single woman who is in her early 30's. Her job requires her to do quite a bit of business entertaining, often in her home. She is looking at a home with 4 bedrooms and is particularly excited about the large living and family rooms.

Questions

1. Although the home she is now considering has large entertaining rooms, she will not need or use four bedrooms. Is there an alternative approach to her housing problems?

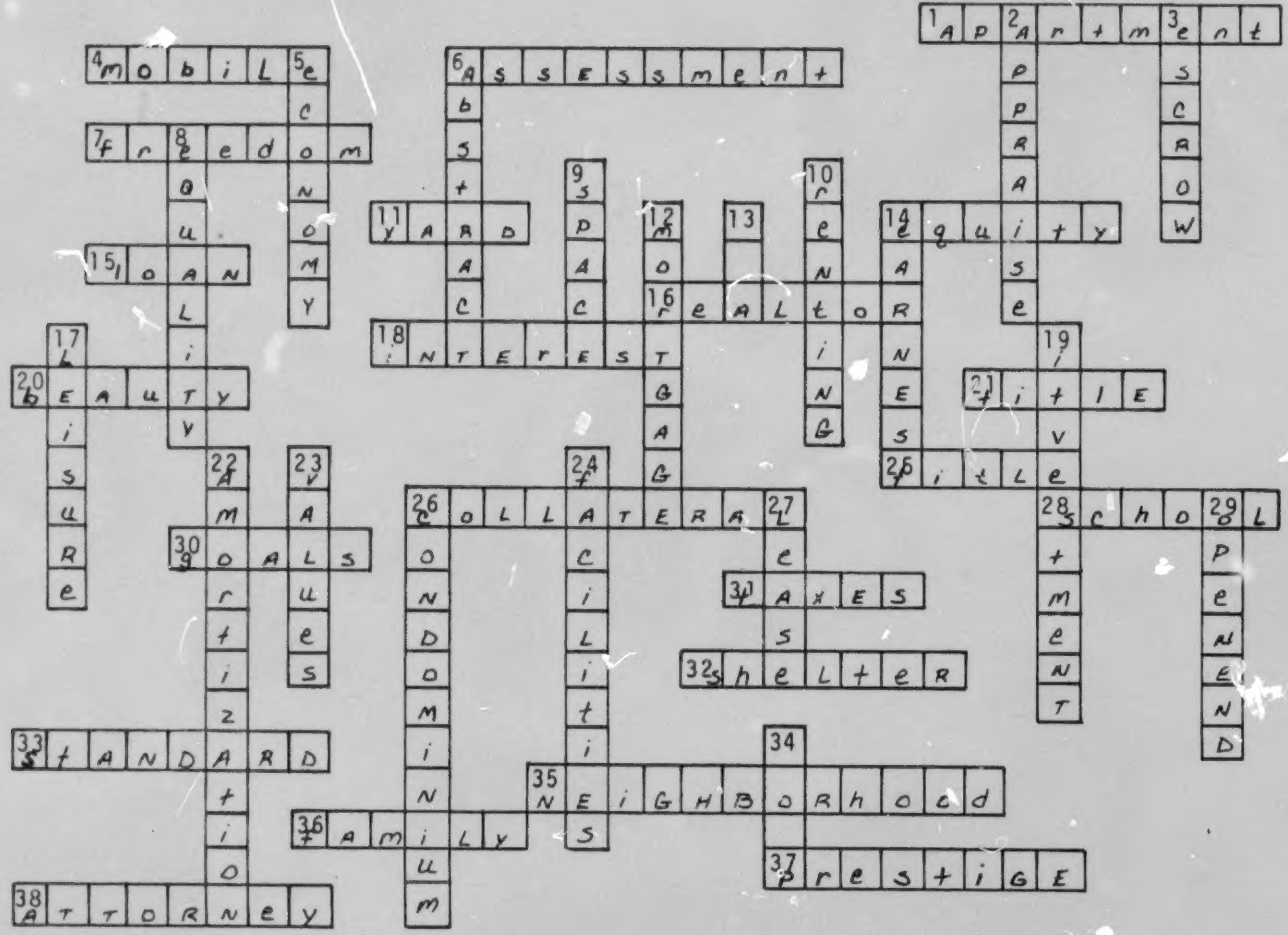
2. Can a single person "afford" to buy a home?

Source: *Housing and Home Furnishings* by Joyce Sawatzky, Vocational Home Economics Education, State Department of Vocational-Technical Education, Stillwater, Oklahoma 74074.

YOUR HOUSING
UNIT V

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1


1 Apartment
2 Appraise
3 escrow
4 mobile
5 economy
6 Assessment
6 abstract
7 freedom
8 equality
9 space
10 renting
11 yard
12 mortgage
13
14 earnest
15 loan
16 realtor
17 leisure
18 interest
19 investment
20 beauty
21 title
22 amortization
23 values
24 facilities
25 title
26 condominium
27 leases
28 school
29 openend
30 goals
31 taxes
32 shelter
33 standard
34
35 neighborhood
36 family
37 prestige
38 attorney

ASSIGNMENT SHEETS #2, 3 and 4

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #5

1.	$27,200	$10,000 + ($300 x 12) = $13,600 x 2 Rule 1
2.	$20,000	$200 x 100 Rule 2
3.	$400 monthly income so $100 is not out of line for housing costs according to Rule 3 ($400 x .25 = $100)	
4.	$8,320 annual	1% of 16,000 = 160 x 52 weeks Rule 4
5.	Yes	$125 x 52 = 7,500 + 24,000 = $31,500 x 2 = $63,000 maximum limit for housing Rule 1
6.	$39,300	$7,650 + 12,000 = $19,650 x 2 Rule 1
7.	$18,500	$185 x 100 Rule 2
8.	$12,500	$125 x 100 Rule 2

ASSIGNMENT SHEETS 6, 7 and 8

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #9

Part One

Completed to the satisfaction of the instructor.

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #9--(suggested estimates)

ESSENTIALS	ITEM COST	TOTAL
Living Room		
Three-cushion sofa	$159.95	
Two end tables @34.95	69.90	
Two table lamps @24.99	49.98	
Area rug 9 x 12	59.99	
Pleated drapes 96" x 84" foam-backed	32.96	
Chair w/cushions	48.92	
Bookcase	39.95	
		$461.65
Dining Room		
Set 42" table and 4 chairs	$219.95	
Tablecloth, 52" x 70"	8.97	
Ironstone dinnerware, 45-piece	44.76	
Stainless steel flatware service for 8 with servers	33.00	
Glasses/8, three sizes	16.48	
		$323.16
Bedroom		
Mattress and box springs, standard double size @87.95	$175.90	
Metal frame w/casters	18.88	
Mattress cover	6.99	
Two pillows, fiber-filled, standard size @5	10.00	
Four pillow cases @3.99	15.96	
Four percale sheets, standard size two fitted bottoms and two uppers @5.49	21.96	
Sheet blanket	5.49	
Blankets, wool and nylon blend (2) @13.99	27.98	
Bedspread	21.96	
Nightstand	57.95	
Bedside lamps	17.99	
Radio alarm clock	37.97	
Five-drawer dresser	89.96	
Mirror, 24" x 36"	10.99	
Window curtains, 48" x 84"	8.96	
Scatter rugs (2) @6.49	12.98	
		$541.92

ASSIGNMENT SHEET #9 (continued)

ESSENTIAL	ITEM COST	TOTAL
Bath		
Cotton washcloths and towels, 12-piece set	$ 14.88	
Shower curtain	12.95	
Bath mat, 24" x 36"	5.97	
Wastebasket	6.99	
		$ 40.79
Kitchen		
Cookware, ten-piece basic set nonstick coated	$ 29.99	
Bakeware, basic six-piece aluminum	9.99	
		$ 39.98

EXTRAS	ITEM COST	TOTAL
Living Room		
Sleeper sofa	$199.95	
Upholstered chair	119.95	
Coffee table	49.98	
Floor lamp	31.99	
		$401.87
Dining Room		
Glasses (8)	$ 16.00	
Table cutlery, 5-piece set	11.99	
		$ 27.99
Bedroom		
Headboard, standard, double size	$ 36.95	
Dresser (nine drawer) double	159.95	
Clothes hamper	19.98	
		$216.88
Bath		
Throw rug, nylon pile, 24" x 36"	$ 5.98	
Shower curtain	8.98	
Floor scale	10.95	
		$ 25.91

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #9 (continued)

EXTRAS	ITEM COST	TOTAL
Kitchen		
Hand mixer, electric 5-speed	$ 14.99	
Coffee pot, electric, four to ten cups	14.79	
Casserole dish	8.95	
		$ 38.73

GRAND TOTAL for both essentials & extras (before sales tax and delivery charges)	$2118.88

ASSIGNMENT SHEET #10

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #11

A. 6

B. 7

C. 1

D. 4

E. 9

F. 10

G. 8

H. 5

I. 2

J. 3

ASSIGNMENT SHEET #12

Completed to the satisfaction of the instructor.

Name ____________________

YOUR HOUSING
UNIT V

TEST

1. Match the terms on the right to the correct definitions by placing the appropriate numbers in the blanks provided. Terms and definitions are continued on the following page.

____ a. Brief history of the ownership of property

____ b. Homeowner (borrower) who has agreed to repay mortgage loan to the mortgagee

____ c. Money or documents held by a third party until all conditions in a contract are fulfilled

____ d. Legal contract between buyer and seller stating conditions for sale of real estate property

____ e. Lender who has agreed to lend money to the mortgagor

____ f. Official written contract that is evidence of person's legal right to ownership of property

____ g. Amount of money borrowed in a mortgage loan, excluding interest and other charges

____ h. Mortgaged property is sold to a purchaser who then "takes over" mortgage

____ i. Pledge of property as security in repayment of loan

____ j. Buyer's showing of his or her serious intention to buy by making a firm bid to seller

____ k. Failure to meet financial obligations

____ l. Transfer of real estate ownership rights to mortgagee when mortgage payments cannot be met by mortgagor

1. Abstract
2. Appraisal
3. Assumption of loan
4. Deed (title)
5. Default
6. Equity
7. Escrow
8. Foreclosure
9. Interest
10. Lien
11. Mortgage
12. Mortgagee
13. Mortgagor
14. Principal
15. Purchase offer
16. Sales agreement
17. Survey
18. Title insurance

1. (continued)

____ m. Cost paid by borrower for use of money borrowed

____ n. Protects lenders against loss if title is later found defective

____ o. Evaluation of property to determine market price of house

____ p. Hold or claim which one person has upon the property of another as security for a debt.

____ q. Check of property boundaries in order to avoid confusion over property placement

____ r. Money value of property in excess of all liens and other liabilities

2. Arrange in order the financial and legal steps in purchasing a home. Place a "1" in front of the first step, a "2" in front of the second, and so on.

____ a. Title search is made.

____ b. Mortgage arrangements are completed.

____ c. After buyer completes selection of home, the buyer makes a purchase offer.

____ d. Deed is signed and delivered to buyer.

____ e. Title (deed) insurance is arranged.

____ f. If owner of home (seller) accepts offer, the buyer and seller enter into an agreement.

____ g. Deed (title) is recorded immediately in proper government office (county courthouse) as prescribed by state law.

____ h. Abstract of title is prepared.

____ i. When agreement is drawn up, earnest money is deposited and may be held in escrow.

Name ______________________________

TEST

3. Complete each statement by inserting the correct term in the blank.

   a. A/An ___________________ mortgage permits the mortgagor to finance further necessities without rewriting the loan.

   b. A short time-period loan with the feature of no payment on the principal until the due date is called a/an ______________________ mortgage.

   c. ______________________ mortgages are generally the most common type of home financing.

   d. Persons who rent will usually carry a type of insurance called ____________________ insurance as protection in case their household goods are damaged or stolen.

   e. Persons who buy a home will usually have a policy of _________________________ insurance.

4. Name three psychological considerations included in the process of deciding whether to rent, build or buy a home.

   a.

   b.

   c.

5. List five common monthly shelter costs.

   a.

   b.

   c.

   d.

   e.

6. List three legal implications of renting housing.

   a.

   b.

   c.

7. Discuss considerations in selecting a home design.

8. Name four factors to consider before buying an existing home.

a.

b.

c.

d.

9. Doug and Carol want to purchase a home. They each earn $1,000 a month from their jobs. What is the maximum they can wisely afford to spend on a house?

10. Fred is currently paying $200 monthly for rent. He wants to buy a home, but without substantially changing the amount he spends each month on housing. How much should he spend when he buys a house?

11. Jane earns $280 a week. Using the "1% Rule," what price home should she buy?

Name ______________________________

TEST

12. Distinguish between the closing costs of the buyer and seller. Place a "B" in front of those closing costs of the buyer and an "S" in front of those closing costs of the seller. A blank may have more than one correct answer.

_____ a. Survey

_____ b. Notary public fee

_____ c. Settlement fee

_____ d. Preparation of deed (title)

_____ e. Title insurance

_____ f. Deed transfer tax

_____ g. Credit report

_____ h. Appraisal fee

_____ i. U. S. documentary tax

_____ j. Realtor's commission

_____ k. Title insurance

_____ l. Recording of mortgage and deed

_____ m. Application for liens

YOUR HOUSING
UNIT V

ANSWERS TO TEST

1. a. 1
   b. 13
   c. 7
   d. 16
   e. 12
   f. 4
   g. 14
   h. 3
   i. 11
   j. 15
   k. 5
   l. 8
   m. 9
   n. 18
   o. 2
   p. 10
   q. 17
   r. 6

2. a. 4
   b. 7
   c. 1
   d. 8
   e. 6
   f. 2
   g. 9
   h. 5
   i. 3

3. a. Open-end
   b. Straight
   c. Amortized
   d. Content
   e. Homeowners

4. a. Pride of ownership
   b. Mobility and freedom
   c. Lifestyle patterns

5. a. Rent or mortgage
   b. Taxes
   c. Utilities
   d. Insurance
   e. Refuse collection

6. a. Lease provisions
   b. Deposit requirements
   c. Maintenance agreements

7. Answers should include the following considerations:

Working with architect
Choosing a contractor
Examining factory-built homes

8. a. Age of home
b. Neighborhood
c. Resale value
d. Owner improvements

9. $48,000

10. $20,000

11. $28,000

12. a. B
b. B
c. B
d. S
e. B
f. B and S
g. B
h. B
i. S
j. S
k. B
l. B
m. B

YOUR HEALTH
UNIT VI

UNIT OBJECTIVE

After completion of this unit, the student should be able to select appropriate health care professionals and health insurance coverage.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Match terms associated with health care and risk coverage to the correct definitions.
2. List two types of routine health care costs and seven reasons for the increase in health spending.
3. Complete personal health records.
4. List five common types of medical services and investigate their availability in the local area.
5. List five kinds of information needed to select health professionals wisely.
6. Discuss basic features of health and accident insurance policies, including types of expense coverage.
7. Demonstrate the ability to calculate health insurance costs.

YOUR HEALTH
UNIT VI

SUGGESTED ACTIVITIES

I. Instructor:

   A. Provide students with objectives sheet (preceding page)

   B. Provide students with information sheets and assignment sheets

   C. Make transparencies

   D. Discuss objectives

   E. Discuss information sheets, assignment sheets and topics in content outline

   F. Give test

II. Student:

   A. Read objectives sheet

   B. Study information sheet

   C. Complete assignment sheets

   D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

   A. Objectives sheet

   B. Information sheets

      1. Terms

      2. Content topic outline

   C. Transparency masters

      1. TM-VI-1: Be Wise! Immunize!

      2. TM-VI-2: Increases in Health Spending

3. TM-VI-3: Checklist for Health Insurance

4. TM-VI-4: Sample Hospital Expense Premiums

5. TM-VI-5: Sample Major-Medical Premiums

D. Assignment sheets

1. Assignment Sheet #1: Your Health Record Booklet
2. Assignment Sheet #2: Health Care Availability
3. Assignment Sheet #3: Selecting a Doctor
4. Assignment Sheet #4: Health-Related Questions
5. Assignment Sheet #5: Case Studies on Health Care
6. Assignment Sheet #6: Health Insurance Investigative Questions
7. Assignment Sheet #7: Calculate Health Insurance Premiums

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. *Better Homes and Gardens Baby Book*. Des Moines, Iowa: Meredith Press Corporation, 1969.

2. Crocker, Betty. *More for Your Money*. New York: Western Publishing Company, Inc., Bantam Books, 1976.

3. Jelley, Herbert M. and Robert O. Hermann. *The American Consumer: Issues and Decisions*. New York: Gregg Division/McGraw-Hill Book Company, 1973.

4. *Mother's Encyclopedia*. New York: Parents' Institute/ Parents' Magazine Enterprises, Inc., 1969.

5. Porter, Sylvia. *Sylvia Porter's Money Book*, Vol. I. New York: Doubleday and Company, Inc., 1975.

B. Booklets

1. *A Brief Explanation of Medicare*. U. S. Department of Health, Education and Welfare (SSA 76-10043), Social Security Administration, 1976. (Free)

2. George, Charlotte. *Insurance for Your Health, Car, Life.* U. S. Department of Agriculture, available from Consumer Information Center, Pueblo, Colorado 81009. (Free)

3. *Vaccines: An Update.* U. S. Public Health Service, 1974, available from Consumer Information Center, Pueblo, Colorado 81009. (Free)

C. Curriculum guide

Napier, Deedee. *Personal Finance.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia, 1975.

D. Magazines

1. "How to Seek Out a Good Doctor," *Changing Times.* The Kiplinger Magazines, February, 1976, p. 35.

2. "How to Find a Doctor for Yourself," *Consumer Reports.* September, 1974, p. 681. (With Teaching Tools Supplement).

YOUR HEALTH
UNIT VI

UNIT NOTES TO THE TEACHER

Obviously, a field trip to a local hospital would enhance the learning activities of this unit. The insurance claims, cashier and business offices would be of particular importance to this type of class. Resource speakers could include representatives from the Social Security Administration to explain Medicare or a physician or dentist to discuss his or her views on the "no advertising" policy in these professions.

An extra credit project could be developed from a telephone investigation on area average costs for routine physical and dental examinations and normal laboratory test charges.

ASSIGNMENT SHEET #1

It might be wise to emphasize that the health record books the students will complete are for their personal use and that all information will be kept confidential.

ASSIGNMENT SHEET #2

A telephone directory would be an excellent reference source of information for the completion of this assignment. Health profession personnel directories could be obtained in advance from area medical and dental societies, county or state licensing bureaus or hospital staff listings.

ASSIGNMENT SHEET #4

A class discussion on the "whys" behind each student's selection would make a valuable supplement to this assignment.

ASSIGNMENT SHEET #7

Mathematical procedures are emphasized in this activity. The tables used in the related Transparency Masters TM-VI-4 and TM-VI-5 were adapted from actual insurance agent policy pamphlets. The transparency masters may also be duplicated as handouts and attached to the duplicated assignments.

TEST

Question #6 of the test will also require the use of Transparency Masters TM-VI-4 and TM-VI-5. They may be projected during the examination, or duplicated.

YOUR HEALTH
UNIT VI

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. American Medical Dictionary--A listing of all medical doctors (M.D.'s) approved by the American Medical Association (AMA) who have completed residency training in the United States.

B. Blue Cross--A nonprofit, prepaid medical plan administered by the American Hospital Association that covers hospitalization expenses for 95 cents on each $1 collected through premiums.

C. Blue Shield--The "other arm" of Blue Cross that is administered on a nonprofit basis by the AMA to provide benefits for some or all of the expenses of surgery, medical treatment and maternity care.

D. Co-insurance--A special condition included in some major medical insurance plans in which the insuree and insurer share the costs of medical care (such as on a 40%-60% proposition basis).

E. Directory of Medical Specialists--A book listing M.D.'s who have completed training and examination requirements to be certified in the approved specialty areas.

F. Group insurance--A payment plan whereby the group (employer, company or other organization) pays a portion of the insurance premium for the insuree.

G. JCAH (Joint Common Accreditation of Hospitals)--A current listing by the organization of hospitals meeting minimum requirements of quality patient care.

H. Major medical health insurance--A coverage policy that will pay for incurred expenses over and above those covered through a regular medical insurance policy. Gives benefits for prolonged illness or costly (major) accident-resulting medical expenses.

Related Materials

I. Medicaid--A public welfare program added under the Social Security Act of 1966. Administered on the state level and gives benefits to cover all medical costs (preventive as well as diagnostic and accident) for the poor and their dependents, with no age limit.

J. Medicare--A public welfare program administered like Medicaid where benefits (for voluntary and compulsory hospitalization and medical services) are limited to persons over 65 years of age.

K. MIB (Medical Information Bureau)--An organizational center which may receive health information about you from your physician with your permission.

L. Regular medical health insurance--A policy which gives medical expense coverage on a partial basis for routine health care, doctor's fees for nonsurgical hospital care or minor accident expense incurrences, often referred to as "medical expense insurance."

II. Health care costs

A. Annual examinations

1. Physical

2. Dental

B. Inoculations TM-VI-1

C. Increases in health spending TM-VI-2

1. Amount of increase

2. Reasons for increase

a. Inflation of general economy
b. Malpractice insurance costs rising
c. Higher salaries for skilled health care personnel
d. Hospital care expensive
e. Expensive health machinery
f. Costly drugs
g. Rising insurance premiums

III. Keeping health records Assign. #1

INFORMATION SHEET

	Related Materials
IV. Medical services	Assign. #2
A. Private practice	
B. Public clinics	
C. Hospitals	
1. Emergency room treatment	
2. Out-patient clinics	
D. Government-sponsored programs	
1. Medicare	
2. Medicaid	
E. Organization-sponsored clinics	
1. Planned Parenthood	
2. Tuberculosis chest x-rays	
3. Health associations	
4. March of Dimes	
V. Selecting health care professionals	Assign. #3 Assign. #4
A. State-approved licenses	Assign. #5
B. Organization members	
C. Specialty board holders	
D. Recommended by friends, relatives	
E. Local reputations and participation	
VI. Health and accident insurance	
A. Shop around	Assign. #6
B. Set coverage standards	TM-VI-3
C. Service or cash benefits	
D. Group plans	

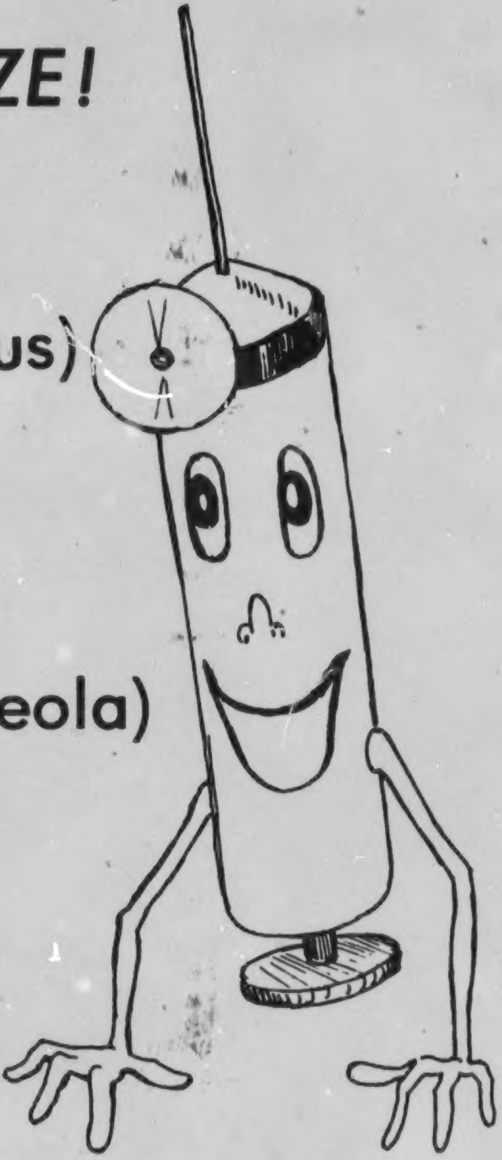
Related
Materials

   1. Blue Cross
   2. Blue Shield
   3. Other sponsored programs
E. Workmen's compensation
F. Types of expense coverage

Assign. #7
TM-VI-4
TM-VI-5

   1. Hospital
   2. Surgical
   3. Regular medical
   4. Major medical
   5. Dental
   6. Disability income
G. Benefit exclusions

BE WISE! IMMUNIZE!



D.P.T. (diphtheria,
pertussis, tetanus)

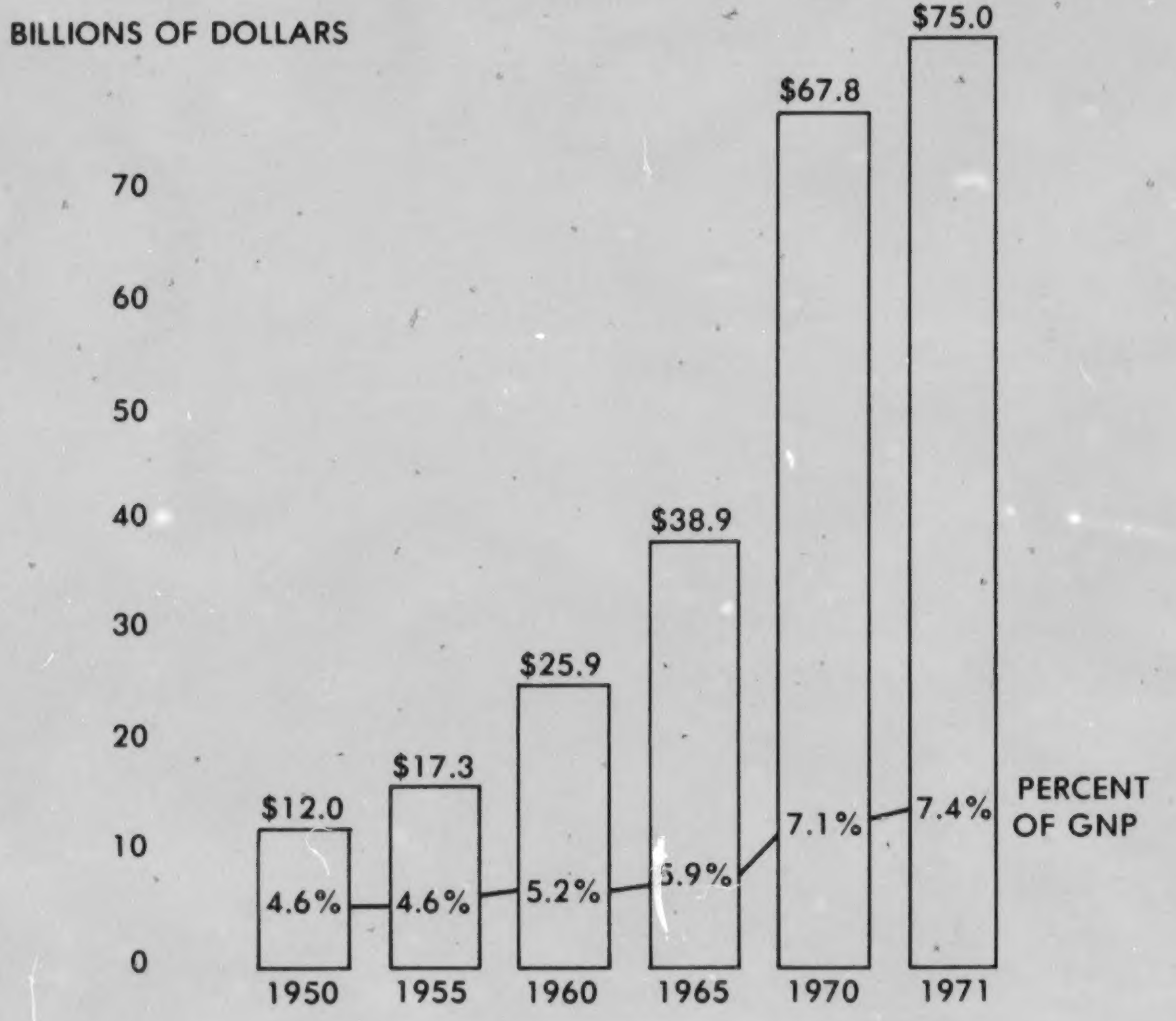
POLIO (oral)

MEASLES (rubella, rubeola)

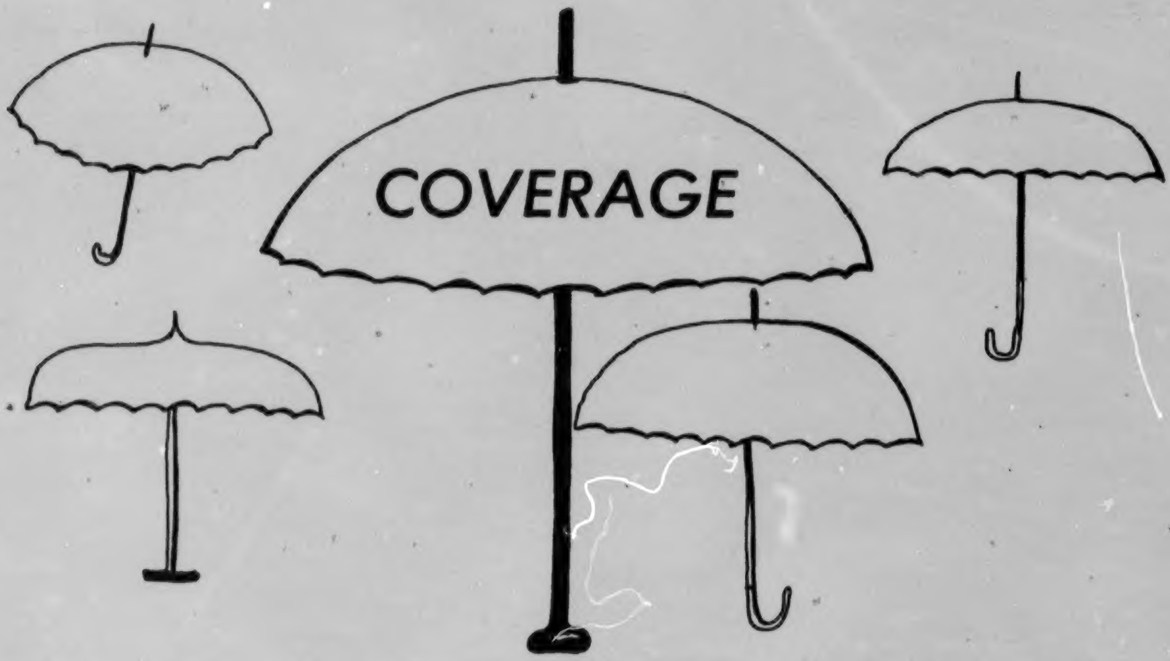
MUMPS

Do you need a booster?

INCREASES IN HEALTH SPENDING
1950-71



CHECKLIST FOR HEALTH INSURANCE



A NECESSITY . . . Accident Coverage

DIAGNOSTIC TESTS ON OUT-PATIENTS

PRESCRIPTION DRUGS

DENTAL CARE

NURSING CARE . . . Private Duty and Home

PSYCHIATRIC TREATMENT

MATERNITY EXPENSES

SAMPLE HOSPITAL EXPENSE PREMIUMS

	A $20 Maximum Daily Hospital Benefit $300 Maximum Surgical Expense Benefit $4 Maximum Daily Medical Expense Benefit			B $25 Maximum Daily Hospital Benefit $400 Maximum Surgical Expense Benefit $5 Maximum Daily Medical Expense Benefit		
age	individual male	individual female	wife	individual male	individual female	wife
20	$ 80.20	$106.78	$122.00	$99.26	$132.52	$151.00
25	86.53	114.73	122.00	106.97	142.27	151.00
30	95.18	125.12	122.00	117.72	159.98	151.00
35	107.22	136.97	125.00	132.48	169.53	154.90
40	123.88	149.28	131.46	153.02	184.62	162.84
45	145.54	164.84	145.13	179.66	203.76	179.67
50	177.56	193.12	170.08	219.24	238.58	210.42
55	231.85	245.84	219.38	286.45	303.74	271.42
60	382.50	386.48	345.44	471.90	476.82	426.66
	for one child, add $42.40 annually for two or more children, add $84.80			for one child, add $52.70 annually for two or more children, add $105.40		

Semiannual premiums are 51% of annual premiums
Quarterly premiums are 26% of annual premiums

SAMPLE MAJOR-MEDICAL PREMIUMS

$500 Deductible Amount
$10,000 Maximum Benefit

age at issue	individual male	individual female	wife
25	$ 33.45	$ 49.38	$ 39.80
30	37.66	54.99	45.39
35	43.11	61.21	51.58
40	50.35	68.42	58.76
45	59.62	77.22	67.50
50	71.26	88.67	78.88
55	86.63	108.42	94.55
60	108.22	127.01	117.02

for one or more children, add $20 annually

Name ________________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #1: YOUR HEALTH RECORD BOOKLET

Directions: On the following two pages are forms to fill out, fold and make into a booklet showing a summary of your medical history. This information is valuable to health care professionals and insurance agents because it shows a record of your past health and preventive medicine. It also forms a basis for predictions about your future health and medical/dental treatment.

Complete the forms by filling in the answer spaces with actual health data about yourself. Then, make the booklet: fold each page on the dotted line, place one sheet directly on top of another and staple on the fold line.

Records of Illness

	Date	Age
Roseola		
Measles		
German Measles		
Chicken Pox		
Mumps		
Scarlet Fever		
Whooping Cough		
Bronchitis		
Pneumonia		
Ear Infections		
Throat Infections		
Urinary Tract Infections		
Skin Problems		
Others		

Comments

Records of Illness

	Date	Age
Allergies		
Eczema		
Hives		
Hay Fever		
Asthma		
Antibiotics		
Other drugs		
Poison Ivy		
Others		
Operations		
Appendectomy		
Tonsillectomy		
Adenoidectomy		
Hernia Repair		
Others		
Accidents		
Fractures		
Burns		
Others		

Comments

HEALTH RECORD OF

____

Health Record of
Rx

ASSIGNMENT SHEET NUMBER 1, UNIT VI

Record of Immunizations

Immunization	Date	Reaction	Physician
D.P.T.			
D.P.T. Booster			
Diphtheria and Tetanus Booster			
Tetanus Booster			
Poliomyelitis Oral Sabin Vaccine			
Type 1 OPV			
Type 2 OPV			
Type 3 OPV			
Polio Booster			
Measles			
German Measles			
Mumps			
Smallpox			
Smallpox Revaccination			
Tuberculin Test			

Family Medical History

	Birth Date	Health
Father	______	______
Mother	______	______
Brothers	______	______
	______	______
Sisters	______	______
	______	______

Diseases Present in Family

Check where appropriate

Diabetes —
Thyroid Disease —
Pulmonary Disease —
Obesity —
Allergy
  Eczema —
  Hay Fever —
  Asthma —
  Others —

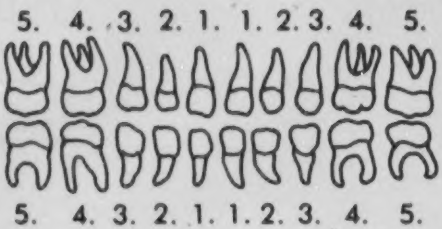
Cardiac Disease —
Cancer —
Blood Diseases —
Convulsions —
Mental Retardation —
Psychiatric Illness —
Congenital Abnormalities —
Others —

Your date of birth ____________ Birth weight ____________

Delivery: normal ____________ operative ____________

Your blood type ______

Dental Record



UPPER TEETH
1. Central Incisor
2. Lateral Incisor
3. Cuspid
4. First Molar
5. Second Molar

LOWER TEETH
1. Central Incisor
2. Lateral Incisor
3. Cuspid
4. First Molar
5. Second Molar

AGE TEETH APPEARED

UPPER TEETH

	Right	Left
1.	___	___
2.	___	___
3.	___	___
4.	___	___
5.	___	___

LOWER TEETH

	Right	Left
1.	___	___
2.	___	___
3.	___	___
4.	___	___
5.	___	___

	Yes	No
Thumb-sucking	___	___
Pacifier	___	___

Age

Times teeth brushed per day .... ___

First visit to dentist .... ___

Injuries .... ___

Fluoride treatment .... ___

Orthodontic procedure .... ___

X-rays date

partial .... ___

full .... ___

Name

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #2: HEALTH CARE AVAILABILITY

Directions: Complete the following form using information collected on health care availability in your community.

OUR TOWN'S "HEALTH"

1. Name of community:
2. Population:
3. Number of physicians (MD):
4. Number of physicians (DO):
5. Number of chiropractors:
6. Number of hospitals:
7. Number of emergency room on-call physicians:
8. Number of convalescence centers:
9. Number of private-duty nurses:
10. Does our town have a Visiting Nurses Association?
11. How many doctor's offices are open on Saturdays?
12. Does our town have ambulance service?

    City-owned?
13. Number of clinics in our town:
    - A. Private practice:
    - B. Company-owned:
    - C. Public:
        - 1) Free out-patient hospital:
        - 2) Public health:

13. C. (continued)

3) Planned Parenthood: ______________________________

4) Tuberculosis chest x-ray: ________________________

5) March of Dimes: _________________________________

6) Heart Association: ______________________________

7) School clinics: _________________________________

14. Does our police or fire department have a medical emergency unit? ______________________________

If so, list its phone number: ______________________

15. Is there a free immunization program in our town? ______

16. Is there an electrocardiogram testing machine in our town?

__________ Where? ____________________________________

Name ________________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #3: SELECTING A DOCTOR

Directions: Read the following article reprinted from *Consumer Reports* magazine, "How to Find a Doctor for Yourself." Then, on a separate sheet of paper, answer the following questions:

1. What is a consumer "buying" when he or she chooses a doctor?
2. Define:
   A. General practitioners
   B. Internists
   C. Osteopathic physicians
3. How are today's problems in choosing a doctor different from those your grandparents faced?
4. What are some questions consumers can ask to help them judge a doctor's qualifications?
5. In general, would a physician who is "board-certified" be a better doctor than one not "board-certified"? Explain.
6. Is a doctor automatically placed on the attending staff of the community hospital(s)?
7. Explain what the abbreviation A.A.F.P. means and the type of health service to which it is related.

HOW TO FIND A DOCTOR FOR YOURSELF

One hears a lot these days about the "disappearance" of the old-time family doctor. But if we define a family doctor as one who acts as an all-around medical adviser for the family, treats many ailments personally and calls in help for a difficult problem, such doctors really haven't disappeared at all. The confusion arises because people continue to identify personal or family doctors with general practitioners.

Many people still limit themselves to general practitioners when they seek a family doctor. To understand why this sometimes brings disappointment, we need to review what has happened in the medical profession in recent decades.

Before World War II roughly 65 percent of all practicing physicians were general practitioners; today only about 15 per cent are, according to recent Amercian Medical Association figures. One reason for the decline is a change in the structure of American medicine, which began with the formation of medical specialty boards. The first one was established in ophthalmology in 1917. Today there are 22 such groups, all members of the American Board of Medical Specialties. Each of these boards is responsible for the establishment of training requirements, other qualifications and the administration of certifying examinations in a particular specialty area. A physician who passes the American Board examination within a specialty area becomes *board-certified*, and is known as a diplomate of that board. Many physicians who are *board-eligible* by virtue of their training do not choose to take the certification examinations.

In many of the board specialties, a doctor may also be a member of a "college," an honorary body whose main concern is continuing medical education within the specialty. Once certain qualifications have been met, the physician may be elected to fellowship in the college. Such organizations include, for example, the American College of Obstetrics and Gynecology, the American Academy of Pediatrics, the American College of Physicians, or the American College of Surgeons. Thus such initials as FACOG, FAAP, FACP, or FACS after a physician's MD show that the physician is a fellow of a particular college, and very probably a diplomate of the board in that specialty. A comprehensive listing of all diplomates of the various specialty boards is published in the "Directory of Medical Specialists," available in some libraries.

American Board certification usually means that the physician's practice is restricted to the specialty. And, from the doctor's point of view, American Board certification is becoming increasingly important. In order to get prestigious university or hospital affiliations, from which patient referrals are derived, specialists usually need to be board-certified. Board certification is also important to them because of the higher fees paid to specialists by insurance companies, workmen's compensation boards, and other "third party" bill-payers.

ASSIGNMENT SHEET #3

Patients should be aware that any licensed physician can legally practice any surgical or medical specialty. Initials such as those noted above offer reassurance that a physician has adequate training in a specialty. Such identification can be quite helpful to the prospective patient, who should not assume that hospital affiliation can be equated with professional ability.

SPECIALIZATION--AND CONTINUING EDUCATION

During the first quarter of this century the slow rate of change in medical knowledge made it possible for a general practitioner to provide patients with care consistent with existing knowledge in most medical fields. Then began the scientific advances that have escalated in the last 20 years. Because no doctor can possibly keep up with the rate of advance in the entire field of medicine, the tendency is to gain expertise in small segments of the field. Even in the area of surgery, the multiplicity of new techniques constantly being introduced is forcing surgeons to restrict themselves to certain parts of the body.

For today's doctor, hospitals are both workshops and centers for continuing education in the specialty area. At the hospital a physician's medical knowledge is reinforced and expanded through conferences, discussions, and association with colleagues, as well as through experience with patients.

Continuing education is the hallmark of a good "teaching" hospital--a hospital that has established a formal program for training internes (physicians in their first year out of medical school) and residents (physicians in specialty training). Particularly during daily hospital rounds, practicing doctors, internes, and residents share opinions, knowledge of recent developments, and experience.

Because continuing education is so crucial to the professional advancement of many doctors, staff positions at a teaching hospital are sought after. And to maintain good teaching capabilities and reputation, some hospitals usually insist that prospective staff members be well qualified.

ENHANCING THE FAMILY PRACTICE

Within the medical profession, such organizations as the American Academy of Family Physicians (AAFP) are trying to revitalize general practice. The AAFP requirements for membership make mandatory one of the following: three years of approved graduate training, two years of graduate training plus two years of general practice, or one year of graduate training plus three years of general practice during which the applicant must complete 150 hours of approved education. After being accepted for membership, all who wish to continue as active members are then required to complete 150 hours of accredited postgraduate study every three years. There are now almost 30,000 members, plus an additional 5,000 student affiliates. Osteopathic physicians (see below) are also eligible for membership.

In 1970, medicine appeared to have come full circle when the specialty of generalists, "family practice," received board certification status, and the American Board of Family Practice conducted its first certifying examination. By the end of 1973 there were more than 5,800 physicians certified in family practice. About 90 percent of these physicians are also members of the AAFP.

In addition, many state and local medical societies have set up sections on general practice, and some medical schools have established professorships and departments of family practice. However, it is unlikely that these efforts will reverse the trend to specialization.

But the decline in the number of general practitioners does not necessarily mean the end of family practice in the United States. More and more patients are turning to the internist for this important service.

THE ROLE OF THE INTERNIST

An internist (not to be confused with an interne) is a physician with postgraduate training in the broad field of internal medicine--that is, in all areas of medicine except surgical, obstetric, and pediatric practice. More than 22,800 diplomates are currently certified by the American Board of Internal Medicine. In addition, there are about 48,000 board-eligible internists.

Within internal medicine there are various subspecialty areas, each with its own subspecialty board. These areas include allergy, cardiology, endocrinology, gastroenterology, hematology, nephrology, pulmonary disease, and rheumatology.

Whether certified or eligible, the internists' training and expertise in internal medicine should make them particularly capable of dealing with heart and kidney disease, diabetes, and arthritis, as well as disorders affecting the blood and endocrine systems. Their training should also increase their interest in the occupational, emotional and social aspects of disease. Because of this broad training and interest, internists are usually well qualified to serve as personal physicians and family medical advisers. They can take care of most common disorders themselves, but refer patients to other specialists when necessary.

The fact that a doctor is a board-certified or board-eligible internist, or that he or she is certified in family practice or an AAFP member, does not automatically assure care of the highest quality. But the odds are at least in the patient's favor.

ASSIGNMENT SHEET #3

REINFORCING HIGH STANDARDS

In several states such chances are enhanced somewhat by specific requirements physicians must meet in order to remain in good standing in their profession. Although all doctors must be licensed by their respective state boards of medical examiners, in most states renewal of licenses is a mere formality.

Most state and county medical societies have been slow to support mandatory postgraduate education in medicine. In eight states medical societies have endorsed the principle of requiring continuing medical education as a condition of membership renewal.

THE OSTEOPATHIC PHYSICIAN

Another category of professional health service available for family medical care is the osteopathic physician. Osteopathy is becoming increasingly recognized by organized medicine, both on national and state levels. Graduates of schools of osteopathy (there are seven in the United States) receive an education similar in many respects to that offered by medical schools.

There are currently about 14,000 osteopathic physicians, approximately 75 percent of whom are in family practice. As with MDs, doctors of osteopathy (DOs) may become certified in the various specialties by taking qualifying examinations (administered by one of the American Osteopathic Boards). Most of the American Boards of Medical Specialties also now permit osteopaths to qualify for certification examinations; prominent exceptions are the American Board of Surgery and several boards related to surgery.

Osteopaths are *not* to be confused with chiropractors.

MAKING THE FINAL CHOICE

Even if you would like to confine your search for a family doctor to an internist, you may not be able to locate one who can take on new patients. In that case, you may find the family medical adviser you are seeking in a general practitioner--one with a limited practice who, like an internist, does not deliver babies or perform major surgery.

The category of ideal family doctor, therefore, in addition to the internist, includes the general practitioner who neither performs major surgery nor practices obstetrics and who is on the staff of an accredited hospital, preferably one that is also a teaching hospital.

How do you set out to find a personal physician? Ideally, the pertinent professional facts about *all* physicians in a community should be readily available to every consumer. Unfortunately, they rarely are.

RECOMMENDATIONS

If you are moving to a new location, the simplest way is to ask a physician whose judgment you trust to recommend one. The physician may be acquainted with doctors in your new area or may be able to verify for you the qualifications of possible family doctors. Otherwise, after you have moved, check with the nearest accredited hospital. Ask the hospital for a list of internists or general practitioners who are on its staff as attending physicians. If a medical school is situated near your new home town, a telephone inquiry may produce the names of internists or qualified family doctors on the faculty who practice in your community. A friend or relative whose judgment you respect and who knows your likes and dislikes may often prove to be a valuable lead to a new family doctor. The county medical society will provide names of internists and general practitioners in your immediate vicinity--more official, but not much more informative, than the list in the Yellow Pages of the telephone directory.

With a list of qualified candidates, you can make a telephone survey to find one who seems suitable. It would make sense to start with those whose offices are close to where you live, for convenience as well as prompt care in an emergency. Let the doctor know that you are selecting a family physician, and do not hesitate to ask questions about fees, availability, and other aspects of the doctor's practice.

Check also to see if there's a nearby prepaid comprehensive medical service plan, which could provide the services of a qualified internist or family doctor. Known as HMOs (health maintenance organizations), these plans offer subscribers a variety of medical services for a fixed monthly fee paid in advance. Some consumers may find the HMO style of health-care delivery more to their taste than traditional fee-for-service care and possibly more economical in the long run.

Source: *Consumer Reports*. September 1974, Consumers Union, Mt. Vernon, New York 10550.

Name ______________________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #4: HEALTH-RELATED QUESTIONS

Directions: Indicate your selection by writing the letter of the appropriate response in the blank to the left of each situation.

____ 1. You just moved into the area and you need to find a dentist because you have a toothache. Which of the following procedures would be the best?

a. ask your new neighbor for recommendations
b. contact the local Dental Society for a dentist in your area
c. look under "dentists" in the yellow pages

____ 2. You need emotional distress counseling and want to see a person who is an MD. You would see a/an:

a. psychiatrist
b. aide
c. psychologist

____ 3. You want all members of your family to go to the same physician. You would choose a/an:

a. G.P.
b. OB-GYN
c. ENT

____ 4. Physicians and dentists who have passed examinations and training requirements for a specialty would most likely be members of the:

a. ABA
b. American College Board
c. FDA

____ 5. Which government-sponsored program gives free health care benefits to minors:

a. Medicaid
b. Medicare
c. Workmen's compensation

____ 6. For which of the following diseases is there currently *not* a preventive vaccination?

a. mumps
b. measles
c. chicken pox

____ 7. If you have financial difficulties but need to see a doctor, the most unlikely place to go would be to a doctor at a:

a. public health clinic
b. private group practice clinic
c. city or county hospital out-patient clinic

____ 8. A routine dental examination would not normally include which of the following?

a. tooth extraction
b. x-rays
c. cleaning and tartar removal

____ 9. A routine annual physical examination would not normally include which of the following?

a. blood pressure check
b. urinalysis
c. chest x-ray
d. white cell blood count test
e. glucose tolerance test

____10. A routine annual physical examination would normally cost:

a. $5-$10
b. $25-$75
c. $100-$200

Name ______________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #5: CASE STUDIES ON HEALTH CARE

Directions: Give your reaction to each case situation and explain your answers in the space provided after each case.

CASE I: Karen Hill just moved into town. She has a new job and must get a physical examination before she begins working. She doesn't have a doctor but her roommate strongly recommends Dr. Owen because "He's so good-looking!" Her neighbor, however, says she should go see Dr. Brown because his office is just one block away. What do you think Karen should do? Why?

CASE II: John Travers just married Sue. Sue has five-year-old twin boys from a previous marriage. John wants to change his health insurance to cover his new family. His employer offers two group-plan policies. One costs only $300 a year in premiums. It covers up to 75% of the costs that would be incurred from a hospital stay and surgery. The second plan costs almost $500 a year and has comparable coverages (up to 80% of costs), but the second plan states that it would pay costs resulting from emergency room treatment, whether or not the patient was hospitalized. The plan also would partially cover maternity costs. John and Sue don't plan to have any more children, but John is still wondering if the second plan is "worth" the extra $200 a year in premiums. What do you think? Which plan would you choose? Why?

Name ______________________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #6: HEALTH INSURANCE INVESTIGATIVE QUESTIONS

Directions: Collect sample health insurance advertising pamphlets, policies or contact insurance agents to find answers for the following questions:

1. Do most policies cover families or individuals?
2. Do most health insurers want new policyholders to submit medical evidence of any pre-existing health conditions?
3. Do health insurance policies carry a "deductible" amount like many auto insurance policies? What is the deductible amount normally recommended?
4. What is the normal evidence of health insurance a policyholder receives?
5. If the policyholder dies, can other members listed on the policy (such as spouse or dependents) still be covered?
6. Why is a "group" health insurance plan better?
7. Will premium costs change?

8. What are current "extra" or "special" features that health insurers offer?

9. What are the common benefit exclusions found in most policies?

10. Can most policies be used along with Medicare benefits?

Name ______________________________

YOUR HEALTH
UNIT VI

ASSIGNMENT SHEET #7: CALCULATE HEALTH INSURANCE PREMIUMS

Directions: Using the information contained on Transparency Masters TM-VI-4 and TM-VI-5, calculate the insurance expenses for the following situations:

1. Carl Kennedy is 30 years old, while his wife is 25. They have three children: Kevin (1 year old), Karen (2 years old) and Kirk (4 years old). If Mr. Kennedy insured the entire family under the less expensive of the two hospital-expense plans shown on TM-VI-4, how much would his semiannual premium be? ______________

2. Patty is 22 years old and has previously been paying $106.78 a year for Plan A $20 maximum daily health care insurance. However, she is getting married next month and will switch to Plan B $25 maximum daily care (TM-VI-4) on a joint policy with her new husband, who is 30 years old. What is the difference in amounts between her present insurance expense as an "individual female" in Plan A and the "wife" female of Plan B? ______________

3. Determine the annual hospitalization premiums for each of the following:

	Age	Person	Maximum Daily Benefit	Annual Premium
a.	25	Tom	$20	$__________
b.	40	Rosie	$20	$__________
c.	35	Wilma (wife)	$25	$__________
d.	45	Fred	$20	$__________

4. At 35 years of age, Linda insured herself under both major-medical and the $25 per day hospital plan. How much will her total insurance expense be if she pays it on a quarterly basis? ______________

5. Determine the annual premium on Mabel White, age 60, and her husband Bill, age 55, for major-medical insurance.

Mabel: __________

Bill: __________

6. How much of the medical costs in Column 1 of the following chart will each of the medical policies listed pay?

	Medical Cost	Amount Deductible	Maximum Limit	Cost Covered
a.	$ 600	$500	$10,000	$______
b.	450	500	10,000	$______
c.	1,200	500	10,000	$______
d.	1,200	750	10,000	$______

YOUR HEALTH
UNIT VI

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEETS #1 and #2

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #3

1. Reliable checkups, expert advice, diagnosis of illnesses, treatment, referrals to specialists, etc.

2. General practitioners: Holders of MD's, qualified to treat most medical needs, except surgery and obstetrics

   Internists: Holders of MD's, with postgraduate training in all areas except surgery, obstetrics and pediatrics

   Osteopathic physicians: Holders of DO's. They apply diagnostic and therapeutic methods to the musculoskeletal system.

3. More than one doctor in town; decline in number of general practitioners; growth of specialties; many new terms indicating qualifications and certifications

4. Is the doctor "board-certified"? "board eligible"?

   Does the doctor have "AAFP" after his or her MD?

   Does the doctor have other initials after his or her MD, such as FACP?

   Does the doctor have a staff position at a teaching hospital?

5. Yes--because a physician (or dentist) has passed the American Board examination in a specialty area after training. Usually members of the "college" of board members are concerned about continuing their training past graduation.

6. No--if there are numerous hospitals in the area, a physician may limit the ones he or she uses. The hospital administrators also must accept the doctor as a staff member.

7. The American Academy of Family Physicians is trying to revitalize general practice (instead of numerous specialty practices). Its members must usually complete one or more programs of graduate training in education courses and practice.

ASSIGNMENT SHEET #4

1. b
2. a
3. a
4. b
5. a
6. c
7. b
8. a
9. e
10. b

ASSIGNMENT SHEET #5

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #6

1. "Families"--listed as policyholder, spouse and dependents
2. If they cover any future costs arising from pre-existing conditions, they will normally want to know what those conditions are.
3. Yes--normally from $500 to $1,000 or after the first $5,000 - $10,000 on major medical plans.
4. Usually a wallet identification card and/or policy copy and certificate
5. Yes--(with provisions on a spouse's remarriage or children's regular termination ages, etc.)
6. It's not better, but it's less expensive because the "group" (employer) pays a portion of the premium.
7. Yes--as inflation or age of policyholder increases
8. Dental coverages, convalescent care or maternity coverages
9. Maternity (except when an included feature), loss caused by self-inflicted injuries or attempted suicide, acts of war, cosmetic surgery, etc.
10. Yes

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #7

1. $154.01

Mr. Kennedy's premium = $ 95.18
Mrs. Kennedy's premium = 122.00
3 child premiums = 84.80
Total one year $301.98

Semiannual = 51% of $301.98 = $154.01

2. $44.22

Plan A "Individual female" = $106.78
Plan B "Wife" = 151.00

$151.00
-106.78
$ 44.22 more under Plan B "wife"

3. a. $86.53
   b. $149.28
   c. $154.90
   d. $145.54

4. $59.99

Hospital-expense premium = $169.53
Major-medical premium = 61.21
Total annual $230.74

Quarterly = 26% of $230.74 = $59.99

5. Mabel = $117.02
   Bill = 86.63

6. a. $100
   b. -0-
   c. 700
   d. 450

Name ______________________________

YOUR HEALTH
UNIT VI

TEST

1. Complete each statement below by filling in the blank with a term or phrase commonly associated with health care.

   a. If a person were talking about a nonprofit health care coverage plan, he or she would use the term _______________ to refer to the plan administered by the AMA to pay doctor's fees.

   b. The hospitalization coverage part of the nonprofit insurance plan is commonly referred to as Blue __________.

   c. If your employer pays part of your medical insurance premium, you are probably enrolled in a/an _______________ insurance plan.

   d. Cancer patients (prolonged illness) or people receiving medical treatment for a severe automobile accident would probably need ____________________ health insurance.

   e. The public welfare program that provides medical benefits for persons over 65 years old is called __________________.

   f. If you are poor, young and need medical treatment, you are probably eligible for __________________ benefits, administered through Social Security.

   g. The so-called central computer bank for health information is called the ________________________.

   h. Routine, or partial medical expense coverage, is normally covered through __________________ medical health insurance.

   i. If you wanted a list of all the current MD's with residency training in the United States, you would look in the

      ____.

   j. If you wanted a list of specialists in America in the medical field, you would look in the ____________________.

   k. If you receive a medical bill for $1,000 and you will pay $400 and your insurance company will pay $600, you are probably subscribing to a/an _______________________ plan.

   l. A current listing of approved hospitals is listed in and through the ____________________________________.

2. Explain why health care costs are increasing.

3. List five questions you should consider when selecting a doctor.

   a.

   b.

   c.

   d.

   e.

4. Name five common types of medical services.

   a.

   b.

   c.

   d.

   e.

5. Describe three of the six types of expense coverage that may be found in health and accident insurance policies.

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Name ____________________________

TEST

6. Refer to TM-VI-4 and TM-VI-5 when completing this section.

a. Determine the annual premium of each of the following hospital-expense insurance policies.

	Age	Person	Maximum Daily Benefit	Annual Premium
1)	30	Female	$20	$__________
2)	40	Male	$20	$__________
3)	60	Wife	$20	$__________

b. Determine the annual premium on each of the following major-medical insurance policies.

	Age	Person	Annual Premium
1)	25	Wife	$__________
2)	50	Male	$__________
3)	35	Female	$__________

c. How much of the medical costs will each of the following medical policies pay?

	Medical Cost	Amount Deductible	Maximum Limit	Cost Covered
1)	$ 800	$500	$10,000	$__________
2)	$ 350	$500	$10,000	$__________
3)	$1,600	$500	$10,000	$__________
4)	$2,700	$750	$20,000	$__________

YOUR HEALTH
UNIT VI

ANSWERS TO TEST

1. a. Blue Shield
   b. Cross
   c. Group
   d. Major medical
   e. Medicare
   f. Medicaid
   g. MIB (Medical Information Bureau)
   h. Regular
   i. American Medical Directory
   j. Directory of Medical Specialists
   k. Co-insurance
   l. JCAH (Joint Common Accreditation of Hospitals)

2. (suggestions)

   Inflation of general economy
   Malpractice insurance costs rising
   Higher salaries for skilled health care personnel
   Hospital care expensive
   Health machinery expensive
   Drugs costly
   Insurance premiums rising

3. (suggestions)

   a. AMA accredited? Board-certified? Specialist?
   b. General price range for routine procedures?
   c. On staff of what hospital?
   d. Office hours (Saturdays, answering service)?
   e. Billing practices?

4. a. Private practice
   b. Public clinics
   c. Hospitals
   d. Government-sponsored programs (Medicare and Medicaid)
   e. Organization-sponsored clinics (such as Planned Parenthood or March of Dimes, etc.)

5. Answer should describe any three of the following:

   Hospital
   Surgical
   Regular medical
   Major medical
   Dental
   Disability income

6. a. 1) $125.12
   2) $123.88
   3) $345.44

b. 1) $ 39.80
   2) $ 71.26
   3) $ 61.21

c. 1) $300.00
   2) -0-
   3) $1,100
   4) $1,950

YOUR EMPLOYMENT
UNIT VII

UNIT OBJECTIVE

After completion of this unit, the student should be able to demonstrate competence in handling common employment situations, such as figuring earnings, claiming payroll withholding exemptions and reacting to questions involving organized labor.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Match terms associated with employment to the correct descriptions.
2. Discuss factors that should be considered prior to employment.
3. Describe three employment pay methods.
4. List six common deductions from gross earnings.
5. Demonstrate the ability to calculate earned wages.
6. Investigate common year-end gifts and employee bonuses given by employers through completion of the appropriate assignment sheet.
7. Name four types of social security benefits.
8. List five negotiation practices that affect employees.
9. Discuss opportunities for improving job potential through education or training, including methods of financing education.

YOUR EMPLOYMENT
UNIT VII

SUGGESTED ACTIVITIES

I. Instructor:

   A. Provide students with objectives sheet (preceding page)

   B. Provide students with information sheets and assignment sheets

   C. Make transparencies

   D. Discuss objectives

   E. Discuss information sheets, assignment sheets and topics in content outline

   F. Give test

II. Student:

   A. Read objectives sheet

   B. Study information sheet

   C. Complete assignment sheets

   D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

   A. Objectives sheet

   B. Information sheets

      1. Terms

      2. Content topic outline

   C. Transparency masters

      1. TM-VII-1: Get a Good Grip on . . .

      2. TM-VII-2: Missouri's Employment by Occupational Area

    3. TM-VII-3: Training Needs = Replacements + Growth
    4. TM-VII-4: Computing Your Earnings
    5. TM-VII-5: Let Mr. Deduction Take Care of Your Check!
    6. TM-VII-6: Social Security Benefits . . .
    7. TM-VII-7: Saving for College

D. Assignment sheets

    1. Assignment Sheet #1: Occupational Analysis
    2. Assignment Sheet #2: Comparing Pay Methods--A Decision Case
    3. Assignment Sheet #3: Explaining Exemption Claims
    4. Assignment Sheet #4: Calculate Earned Wages
    5. Assignment Sheet #5: Year-end Gifts and Employee Bonuses
    6. Assignment Sheet #6: "Rap" Session on Organized Labor
    7. Assignment Sheet #7: Financing an Education--A Case Study

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Crocker, Betty. *More for Your Money.* New York: Western Publishing Company, Inc., Bantam Books, 1976.
2. *Dictionary of Occupational Titles.* Washington, D.C.: U. S. Government Printing Office.
3. Keily, Helen J. and R. G. Walters. *How to Find and Apply for a Job*, 2nd edition. Cincinnati: South-Western Publishing Company, 1960.
4. Leavis, Harry. *Mathematics for Daily Living.* New York: McCormick-Mathers Publishing Company, 1975.

5. Morrison, Phyllis. 1) *A Career in the Modern Office--Getting the Right Job*, 2) *A Career in the Modern Office--Making the Most of Your Skills*, 3) *A Career in the Modern Office--Making the Most of Yourself.* New York: Gregg Division, McGraw-Hill Book Company, 1970.

6. Selden, William and Mary Ellen Oliverio. *Choosing a Business Career.* New York: Pitman Publishing Corp., 1958.

B. Booklets and pamphlets

1. American Federation of Labor and Congress of Industrial Organizations: 815 Sixteenth Street, N.W., Washington, DC 20006.

    a. *This is the AFL-CIO*
    b. *Why Unions?*
    c. *Labor: Champion of Public Education*
    d. *Collective Bargaining: Democracy on the Job*
    e. *The Growth of the AFL-CIO*
    f. *Security in Time of Need*
    g. *Toward Eliminating Poverty in America*
    h. *Man and His Environment*
    i. *The Case of Tax Justice*
    j. *Labor's Role in a Free Society*
    k. *Labor Looks at Capitalism*
    l. *Equal Rights for the AFL-CIO Program*

2. United States Department of Labor: Superintendent of Documents, U. S. Government Printing Office, Washington, DC 20402.

    A Guide to Child Labor. (Provisions of the Fair Labor Standards Act)

3. American Arbitration Association: 140 West 51st St., New York, NY 10020.

    a. *Labor Arbitration: Procedures and Techniques*
    b. *Voluntary Labor Arbitration Rules of the American Arbitration Association*
    c. *You Be the Arbitrator*

4. Joint Committee on Library Service to Labor Groups: American Library Association, 50 E. Huron Street, Chicago, IL 60611

    Labor: A Reading List

5. United States Department of Labor, Bureau of Labor Statistics, Washington, DC 20210.

6. Publications of the Bureau of Labor Statistics. (Semi-annual)

7. Available free from your local Social Security Administration office:

   a. *Social Security Programs in the United States*
   b. *If You Become Disabled* SS1-29
   c. *Your Social Security* SS1-35
   d. *Financing Your Social Security Benefits* SS1-36
   e. *Social Security Benefits--How you Earn Them* SS1-47

C. Curriculum guides and kits

1. Lacy, Richard. *Exploring Careers in Business Occupations.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia.

2. Napier, Deedee. *Personal Finance.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia.

3. Park, Ok D. and Richard Lacy. *Job Application and Interview.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia.

4. *Teachers Social Security Kit Folder.* SS1-623. (Can be obtained from a local or regional Social Security office free of charge.)

D. Films

American Federation of Labor-Congress of Industrial Organization, Washington, D.C.

1. *The Grievance*--32 min., 1955 Rental $3.00

2. *A Mighty Fine Union*--32 min., 1960 Rental $3.00

3. *Strike in Town*--38 min., 1955 Rental $3.00

4. *White Collar Grievance*--42 min., 1967 Rental $3.00

5. *Your Union*--25 min., 1964 Rental $3.00

6. *Land of Promise*--28 min., 1962 Rental $3.00

7. *The Rise of Organized Labor*--20 min.,1960 Rental $3.00

8. *Songs and Stories of Labor*--35 min., 1969 Rental $3.00

9. *This Union Cause*--23 min., 1962 Rental $3.00

10. *Birth of a Union*--28 min., 1966 Rental $3.00

11. *Like a Beautiful Child*--26 min., 1967 Rental $3.00
12. *The Story of the NLRB*--23 min., 1955 Rental $3.00
13. *Union in the Mill*--18 min., 1951 Rental $3.00
14. *With These Hands*--40 min., 1950 Rental $3.00
15. *Bullet Bargaining in Ludlow*--28 min., 1965 Rental $3.00
16. *Challenge of Change*--20 min., 1963 Rental $3.00
17. *The Inheritance*--55 min., 1964 Rental $7.50
18. *Labor Comes of Age*--19 min., 1969 Rental $3.00

YOUR EMPLOYMENT
UNIT VII

UNIT NOTES TO THE TEACHER

While this unit has included many items often encountered by the student worker (including mathematical applications on figuring earnings and questions about unions), it has omitted important topics such as job application, interview and career education. If time permits, it is strongly recommended that you supplement this employment area study with the omitted topics. Two excellent instructional guide resources are currently available: *Job Application and Interview* and *Exploring Careers in Business Occupations*. Both may be obtained from the Instructional Materials Laboratory, University of Missouri-Columbia, 10 Industrial Education Building, Columbia, Missouri 65211.

Resource speakers for the unit might include a representative from the Social Security Administration, explaining social security benefits or from a personnel or employment agency, covering some application or interview techniques.

ASSIGNMENT SHEET #1

A field trip to a library and a discussion on the use of the *Dictionary of Occupational Titles* would be a beneficial introduction to the occupational analysis activity. Some actual field interviews and research would also be valuable.

ASSIGNMENT SHEET #4

Before starting this assignment, some students will need to review the arithmetical procedures of changing fractions into decimals before multiplying. The activity should be used in conjunction with Transparency Master TM-VII-4, which may either be projected during the assignment or duplicated into a handout.

ASSIGNMENT SHEET #6

This learning activity should probably be preceded by a brief study of labor unions (there are some excellent films available on this subject) or a debate on "Unionization: Pro and Con." The assignment would most likely be best completed as an oral discussion session, remembering that the instructor should remain impartial and see to it that *both* sides of the question are brought up.

YOUR EMPLOYMENT
UNIT VII

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Aptitude--A talent or natural ability for learning of a particular nature.

B. Automatic deposits--A service to workers (usually free of charge) which allows their wages to be "deposited" automatically or debited to a checking or savings account in a participating bank. This method of receiving earnings reduces the risk of paycheck losses or frauds.

C. Boycotting--A method of exerting pressure and influence on a group through the nonuse of the group's products by the combined efforts of the complaining group.

D. Commission--A method of payment for employees based on a percentage of each sale or service rendered by the employee. The commission total computed often serves as the worker's gross salary.

E. F.I.C.A. (Federal Insurance Contributions Act)--An act requiring deductions to be taken from a person's gross earnings and deposited with the federal government to be "returned" later through social security benefits.

F. Gross earnings--The total pay one receives for work *before* any taxes or other deductions are subtracted.

G. Mediator--A "neutral" person who confers with two disagreeing parties (such as labor union representatives and management) for the purpose of reconciling them.

H. Piece rate--A job pay method by which the employee is paid a certain amount for each part or whole product he or she produces, rather than being paid by the hour or month.

Related Materials

I. Sit-down strike--A work stoppage in which the striking workers refuse to leave the company's premises.

J. Slow-down--A form of strike in which employees stay on the job but deliberately reduce their efficiency or amount in production.

II. Pre-employment considerations

TM-VII-1
TM-VII-2
TM-VII-3
Assign. #1

- A. Physical examination
- B. Skill and aptitude testing
- C. Obtaining required clothing or equipment
- D. Minimum wage
  - 1. How much is it?
  - 2. Who is required to pay it?
  - 3. Who sets the amount?

III. Employment pay methods

Assign. #2

- A. Salary
  - 1. Weekly
  - 2. Biweekly
  - 3. Monthly
- B. Commission
- C. Piece rate

IV. Deductions from gross earnings

Assign. #3
TM-VII-4
TM-VII-5

- A. Withholding taxes
  - 1. Federal and state income
  - 2. FICA or OSTA
  - 3. City or county earnings tax
- B. Union or group dues

INFORMATION SHEET

	Related Materials
C. Insurance	
1. Medical	
2. Life	
3. Liability	
D. Stock or savings bond programs	
E. Retirement and pension plans	
F. Charitable contributions	
V. Calculating earned wages	Assign. #4
VI. Year-end gifts and employee bonuses	Assign. #5
VII. Social security benefits	TM-VII-6
A. Retirement income	
B. Death	
C. Disability insurance	
D. Aid to families with dependent children	
VIII. Negotiation practices affecting employees	Assign. #6
A. Strikes	
B. Slow-down	
C. Picketing	
D. Compensation	
E. Bargaining	
IX. Improving job potential through education	
A. Setting career training goals	
B. Locating education opportunities	
1. Initial or continuing	
2. In-service seminars	
3. Vocational-technical school programs	

Related
Materials

4. U. S. Government basic grant programs
    a. Amount of loan
    b. Repayment
    c. Training time involved

5. VA benefits (Veteran's Administration)

C. Financing education

TM-VII-7
Assign. #7

1. Employer/company sponsor

2. Government loans

3. Student loans from commercial banks

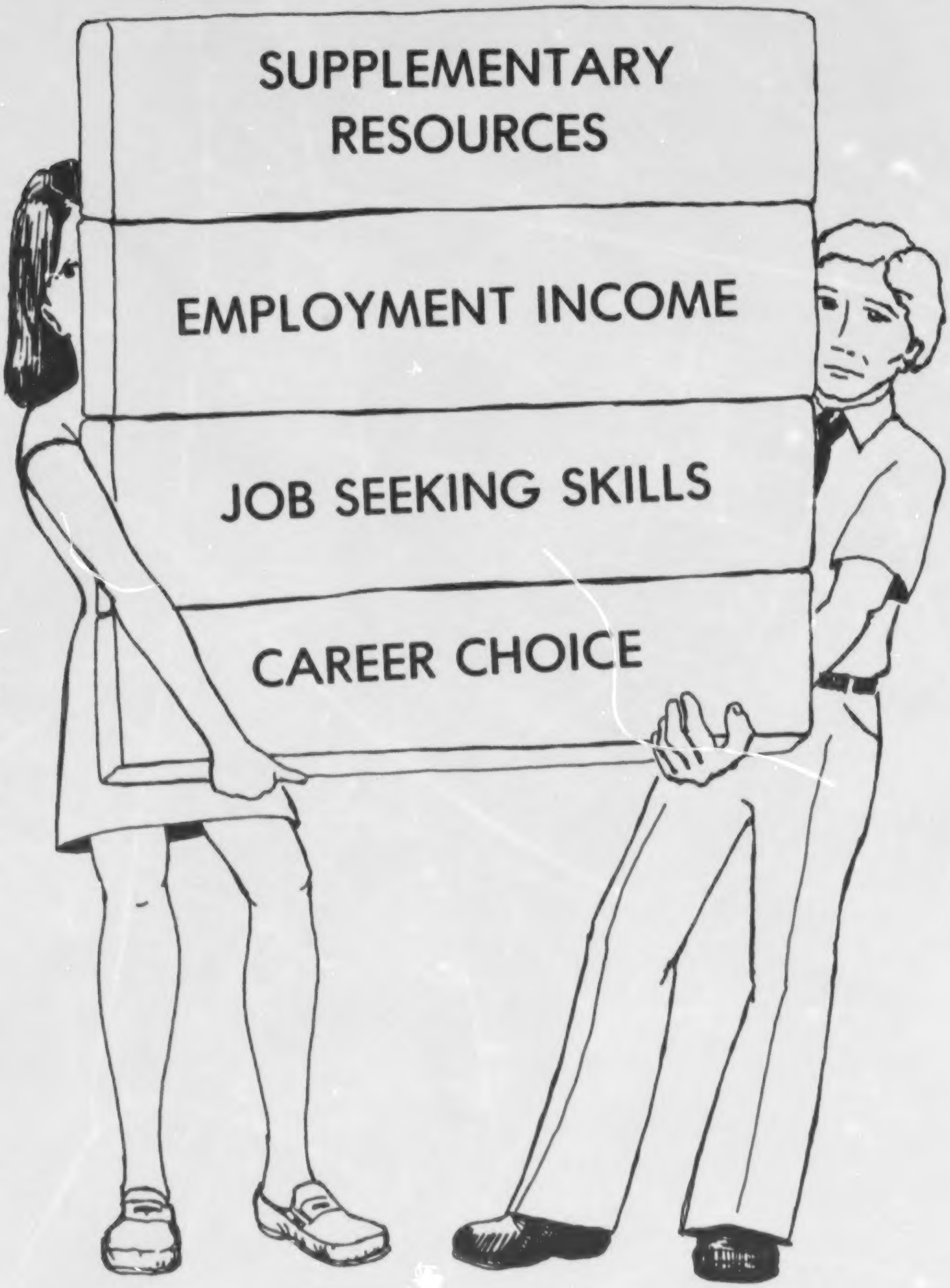
4. Savings and investments

5. Scholarships or work/study programs

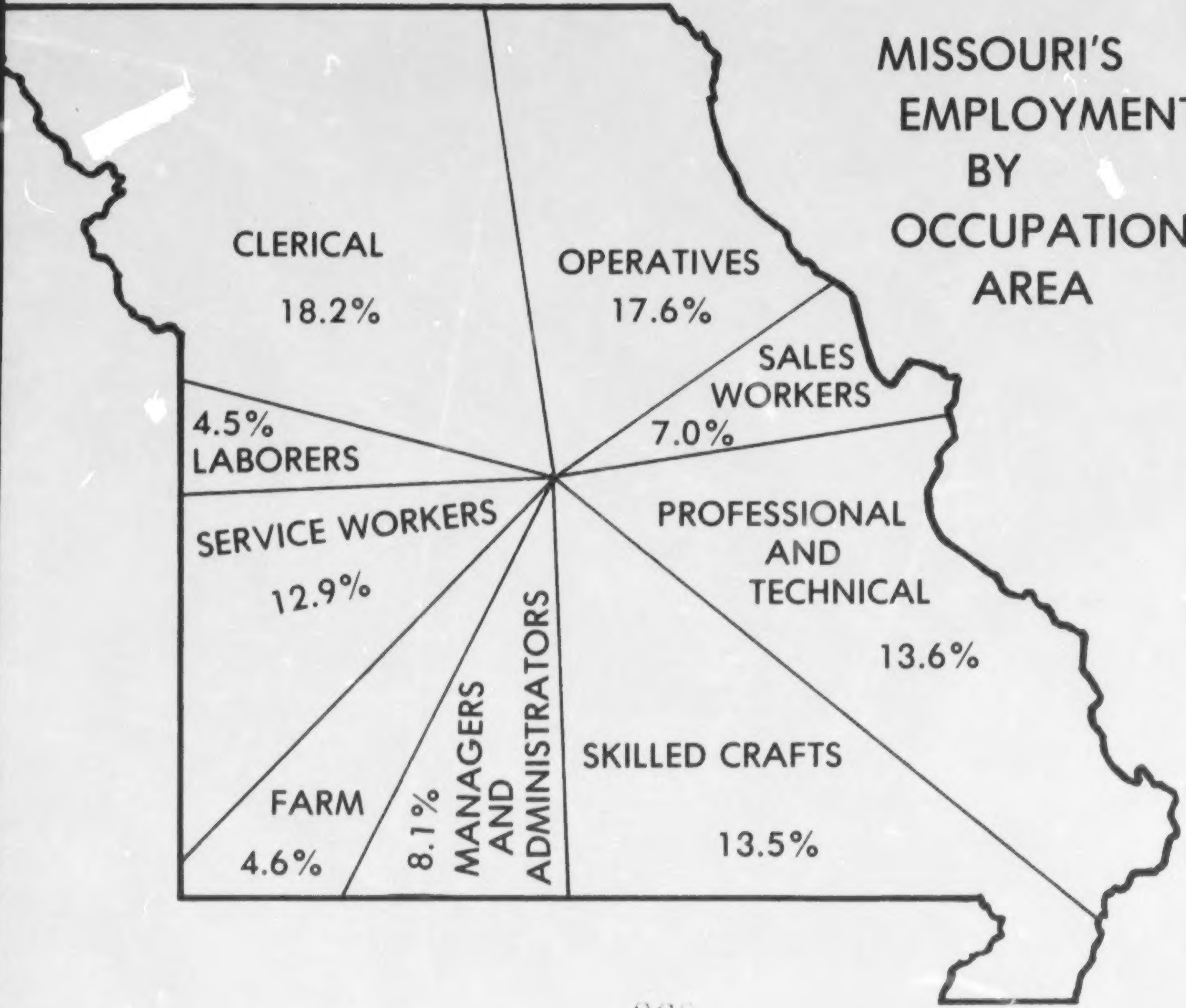
D. Placement after graduation

TM - VII - 1

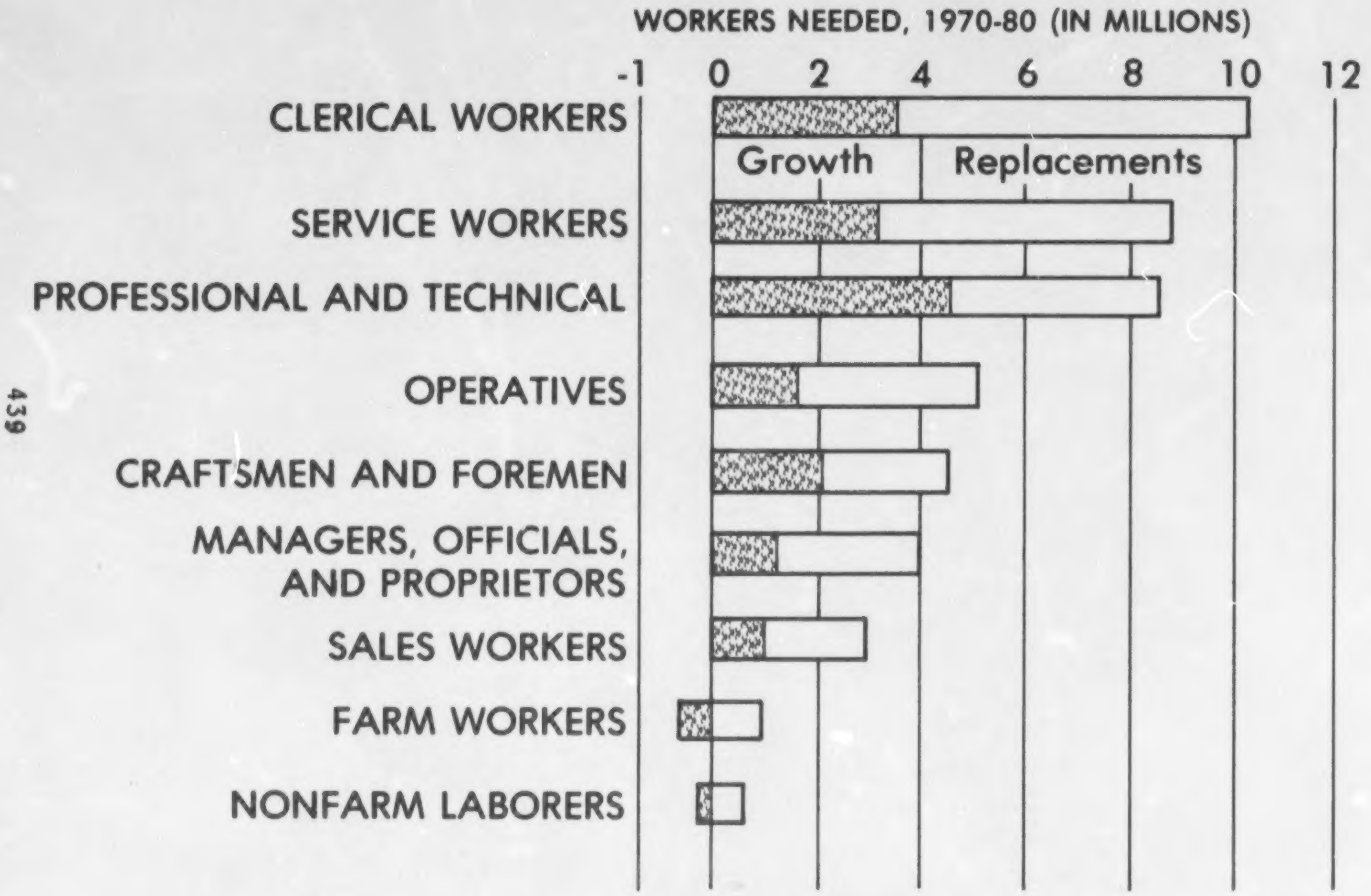
Get A Good Grip On . . .


SUPPLEMENTARY RESOURCES
EMPLOYMENT INCOME
JOB SEEKING SKILLS
CAREER CHOICE

MISSOURI'S EMPLOYMENT BY OCCUPATIONAL AREA



TRAINING NEEDS = REPLACEMENTS + GROWTH



SOURCE: BUREAU OF STATISTICS

TM - VII - 3

COMPUTING YOUR EARNINGS

"OUT" TIME (hours, minutes)

— "IN" TIME (hours, minutes)

TOTAL HOURS WORKED

TOTAL HOURS WORKED

— REGULAR HOURS

OVERTIME HOURS

HOURLY RATE

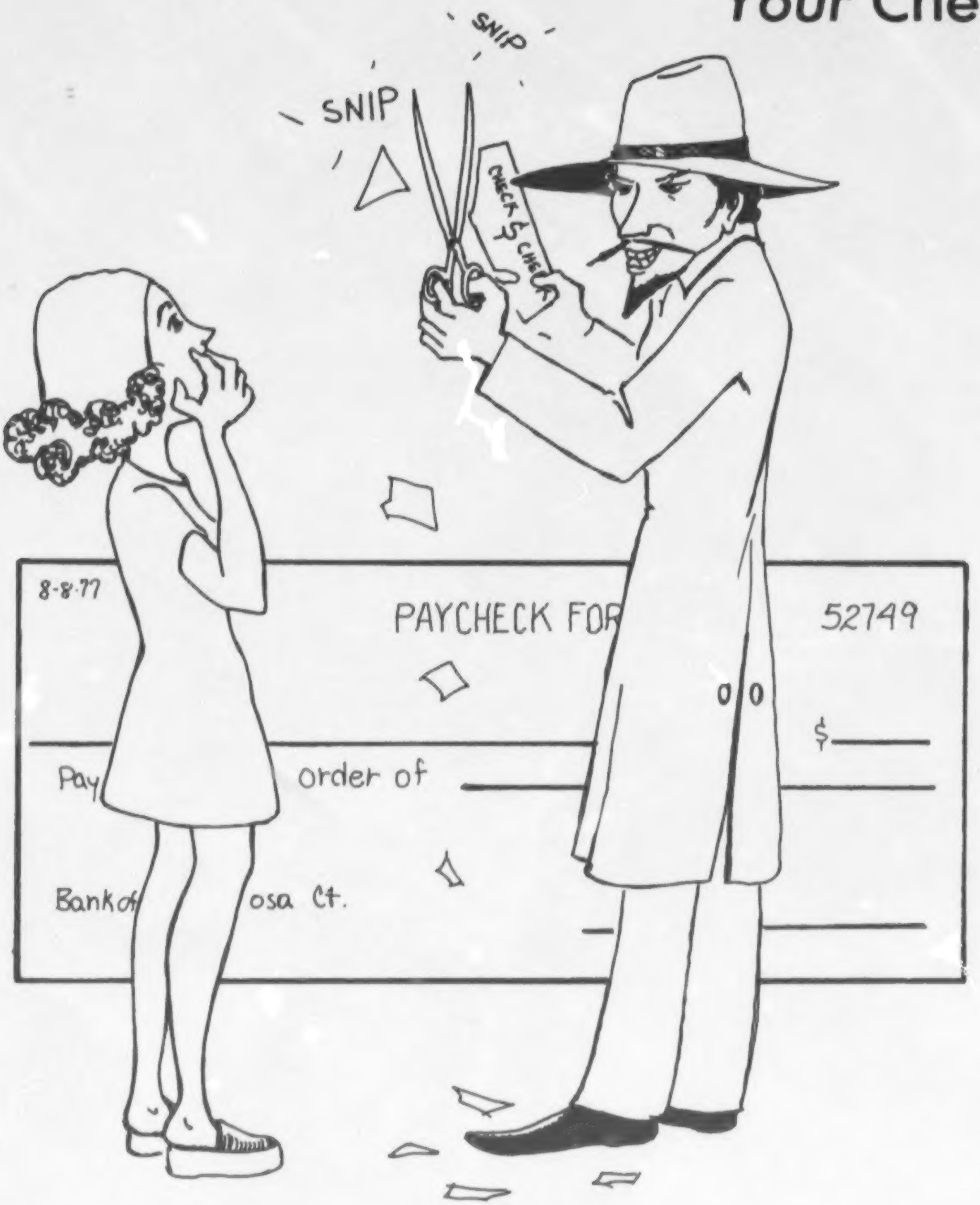
x 1.5

(Overtime rate x Overtime hours) +

(Regular hours x Hourly rate) =

GROSS PAY

Let Mr. Deduction take care of Your Check!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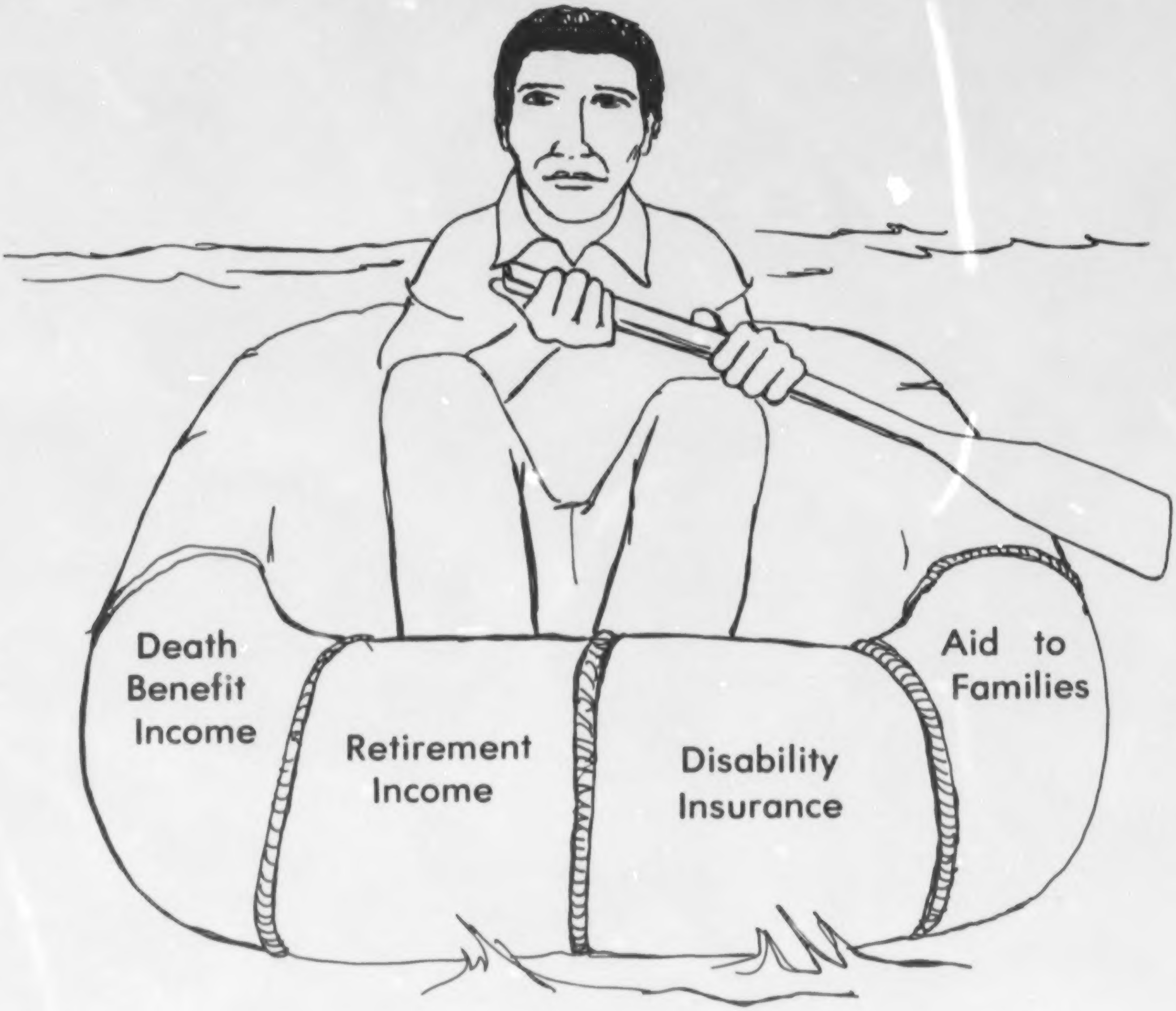
SOCIAL SECURITY BENEFITS . . .


Death Benefit Income
Retirement Income
Disability Insurance
Aid to Families

They'll Help Keep You Afloat

SAVING FOR COLLEGE

	Public College		Private College	
Present Age of Child	**Estimated Total Costs**	**Required Yearly Savings**	**Estimated Total Costs**	**Required Yearly Savings**
1	$33,696	$1,115	$56,708	$1,877
2	31,488	1,134	52,991	1,908
3	29,472	1,158	49,598	1,949
4	27,456	1,183	46,206	1,991
5	25,920	1,231	43,621	2,072
6	24,000	1,260	40,390	2,120
7	22,464	1,312	37,805	2,207
8	20,928	1,371	35,220	2,307
9	19,584	1,447	32,958	2,436
10	18,336	1,548	30,858	2,604
11	17,088	1,664	28,758	2,801
12	16,032	1,831	26,981	3,081
13	14,976	2,047	25,203	3,445
14	14,016	2,359	23,588	3,970
15	13,056	2,817	21,972	4,742
16	12,192	3,597	20,518	6,053
17	11,424	5,183	19,226	8,723
18	10,656	9,878	17,939	16,624

Reprinted with permission from " The Chronicle of Higher Education" March 24,1975

Name ______________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #1: OCCUPATIONAL ANALYSIS

Directions: Pick a "dream" job for yourself--any job you might someday like to hold. Then, using this job, complete the following form. Much useful information on your job (as well as the D.O.T. number classification found on the form) may be located in the *Dictionary of Occupational Titles*, which may be found in most public and school libraries.

MY "DREAM" JOB

Your name: ________________

Your "dream" job title: ____________________ D.O.T. #: ______

Brief job description of duties: ____________________

____

____

____

Skills required for the job: ____________________

____

____

____

Job training recommended (degrees, schooling, experience, etc.):

____

____

____

Outlook for future job opportunities of this type: __________

____

How do most people locate this type of job?

____Newspaper ads
____Employment agencies
____School placement centers
____College campus interviews
____Promotion within company

What is the usual pay method for this job?

____Annual salary (paid monthly)
____Hourly wages
____Piece rate
____Commission
____Salary plus commission

List common fringe benefits associated with this job (insurance, company cars, vacations, travel, additional schooling, etc.):

____

____

____

Is this job (or company) usually unionized? ____________

Are uniforms usually worn on the job? ____________

What are the normal working hours each day? ____________

Is the job one of high risk? Explain why. ____________

____

Is job security fairly good? Explain why not. ____________

____

What do you think the average earnings are for this job? ______

Why do you want this "dream" job? ____________

____

____

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #2: COMPARING PAY METHODS--A DECISION CASE

Directions: George Washburn has just accepted a job with Marlin Insurance Company as a life insurance sales agent. The Marlin Insurance Company personnel director has handed George two pay method options described below.

As George ponders his choice, his main consideration is receiving a steady, dependable income. Other factors that will influence his decision are the unusually high medical expenses for his oldest daughter who is plagued with allergies and the need to start saving and planning for his retirement.

Your task is to read the two pay method options and compute the guaranteed net pay George would bring home under each method. Check the blank by the method you feel George should choose. Defend your answer.

OPTION I:

Hourly wage of $4 per hour (not to exceed 40 hours per week); mandatory company personal insurance plan for medical, auto and term life insurance (automatic payroll deduction taken totaling $100 per month).

Option I "pay" = ________________

Would you recommend? Why? ______________________________

____

____

OPTION II:

Guaranteed salary of $400 per month plus 10% commission on all policies sold after first $10,000 sales total (most new sales agents average about $500-$800 per month on commission); mandatory payroll deduction of $150 to be placed in employee's retirement fund.

Option II "pay" = ______________

Would you recommend? Why? ________________________________

____

____

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #3: EXPLAINING EXEMPTION CLAIMS

Directions: React to the following statements.

1. "I am a widow with two children. It's difficult for me to save money--I have enough trouble just meeting monthly expenses! Therefore, on this new job I just started, I want to be sure that enough money is withheld from my paycheck to cover the taxes I will owe at the end of the year. Should I claim all three of my allowed exemptions on my monthly earnings, or no exemptions?"

2. "Not me! I'm young and I want as much money to spend each month as I can get. Pooh on taxes! I can always borrow money to pay them. I'm entitled to one exemption--should I claim it?"

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #4: CALCULATE EARNED WAGES

Directions: Using the information contained on Transparency Master TM-VII-4, find answers to the following:

1. During the past weeks, Bob Carlos worked a total of 25 hours at A-1 Stereo Shop. He earns $2.35 per hour. What were his gross earnings for the week?

2. Roger and Dawn each worked 29½ hours last month as their dad's laundry delivery drivers. He pays each $2.57 per hour. What is the total combined amount the two will be paid?

3. Karen works as a checker at a large supermarket during the summer. Her normal hourly rate is $3.50 per hour. What would her hourly overtime wage rate be at time and a half?

4. If Karen (in problem #3) works 50 hours one week (40 regular plus 10 overtime), what will be her gross pay?

5. Susan does babysitting and charges 75¢ per hour up to midnight and $1.50 for each hour past that. The Nelsons went to a baseball game that lasted until midnight. They arrived home to relieve Susan an hour later. They left for the game at 8:00 p.m. How much do they owe Susan?

6. Kevin Lucus works at the Ice Cream Shop after school. He works 15 hours a week and gets paid time and a half for every hour over 20 hours. He is regularly paid $2.30 an hour. What would he receive for a 40-hour week?

7. Find the weekly earning (with no overtime) for the following:

	Hourly Rate	Hours Worked	Gross Pay
a. Al	$1.56	10	$__________
b. Jo	$2.56	39½	$__________
c. Pete	$3.50	52¼	$__________

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #5: YEAR-END GIFTS AND EMPLOYEE BONUSES

Directions: Companies and employers often give their employees a year-end gift or bonus. Your task is to investigate the reasons behind this practice and list some examples of such gifts and bonuses. Complete the following form.

YEAR-END GIFTS AND BONUSES

1. Is the giving of year-end gifts and bonuses common in your community?

2. Does the size of the business affect such practices? ______ Why?

3. Is this practice illegal? _____ What examples did you find of year-end gifts?

4. What was the monetary range of the bonuses given in your community? _______ Are these bonuses taxable?

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #6: "RAP" SESSION ON ORGANIZED LABOR

Directions: Read the following four cases. Discuss each one, giving your opinions on what should be done.

CASE #1:

Jim is working on a construction job under the auspices of both management and union. His boss gives him a certain task to do; the union steward tells him he cannot do it, according to union rules. What should Jim do?

CASE #2:

Carol and Jim find jobs on their own in the local cap factory and are excited about their prospects. The factory is presently on strike and the jobs are available. They have both promised the plant manager they will work at once. It is a small plant in a small town and no one expects trouble in the physical sense; but after two days, kids at school start the remarks about Carol and Jim taking other people's jobs. Solution?

CASE #3:

The S & W Barnes Company had 100 employees. The employees did not belong to a labor union, but union agents succeeded in convincing some of the employees that they should join the union. The union finally claimed that more than half the employees belonged to the union and that, therefore, the union would represent the employees in dealing with the company. The company protested. What is your reaction?

CASE #4:

Jim has a COE job at the Self-Help Grocery Store. The manager, Mr. Crunch, is interested in training Jim in every phase of the grocery business with the hope that Jim will some day want to become an assistant manager to Mr. Crunch. The employees at the Self-Help are nonunion workers. Recently Harry Long, who is Jim's department supervisor, has been trying to get the other employees organized into joining the grocery workers' union. Jim heard Mr. Crunch say that if the workers decided to join the union, he would fire them all. Should Jim be sympathetic with the other employees and stand with them in joining the union? ________ Should Jim tell Mr. Crunch of Harry Long's attempt to get the employees unionized? ________ If they do go union, should Jim refuse to stand on the employees' side? ________

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

ASSIGNMENT SHEET #7: FINANCING AN EDUCATION--A CASE STUDY

Directions: Read the following case study. Then give your recommendations for the best way for Sam to finance his education. Explain your reasoning.

* * * * *

Sam Wheeler worked at the headquarter offices of Lennis Corporation each summer while in high school. His summer job duties consisted of sorting mail, running errands and filing. He enjoyed the job and was interested in a permanent career with the company.

However, upon graduation, Sam decided to join the Air Force as a member of the office staff. The Air Force gave Sam some entry-level administrative training during recruit school, and he served as an administrative Staff Sergeant during his three-year tour of duty in the military.

He will receive his honorable discharge next month from the Armed Services and is struggling with his future plans. He has enjoyed his Air Force duty as a "staffer" and has heard that if a person re-enlists, the Air Force will send him to a training school in military administration.

On the other hand, his brother Steve told him that he could pick up basic mid-management and accounting skills at the area vocational-technical center for a nominal fee and then would be "free" to work for whomever he pleases--unlike the Air Force training "repayment plan." But Sam worried about job openings and placement.

His sister Sally, who works for a large hospital, is going to college-type seminars given at the hospital during her lunch hour, paid for by her employer. She enjoys the security of already having a job and "learning and earning" at the same time. She told Sam that there is an opening in the hospital business office for which she thinks he might interview.

Finally, there are Sam's mother and father who would like nothing better than to have Sam go to college and get a degree in business administration. But Sam realizes that he would have to work and pay for most of the tuition costs.

What would you do if you were Sam? ______________________________

Why? ____

____

YOUR EMPLOYMENT
UNIT VII

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1

Completed to the satisfaction of the instructor.

ASSIGNMENT SHEET #2

OPTION I: All factors considered, this plan gives the better pay plan for George's particular situation. This is because the $740 net pay figure is constant and guaranteed. It includes a good insurance benefit that is important to George because of the older daughter's medical history.

Wages = $4 x 40 = $160 x 4 weeks = $640 +

Benefits = insurance premium paid = (+) 100

medical
auto
term life

OPTION I "pays" = $740

OPTION II: Although this plan has the possibility of earning more (because of the commission), when considering pay options George must base his decision on what other agents are actually earning rather than on what could be earned. Also, he would still have to pay soaring medical insurance costs. Finally, the amount mandatorily deducted from his gross earnings might be more than he had planned or could afford to save by himself for retirement.

Salary = monthly guaranteed = $400

10% commission = actual agent = (+) 500

average earnings are $1,000
every two months (low estimate)

Retirement plan deduction = - 150

OPTION II "pays" = $750

ASSIGNMENT SHEET #3

The general "rule" is: If you need more money month by month, claim all exemptions. This will result in less being withheld from each month's gross earnings for taxes, but it also carries the threat of having to come up with money at the end of the year to pay income taxes.

ASSIGNMENT SHEET #4

1. $58.75
   $ 2.35 regular rate
   x 25 hours
   $58.75 gross

2. $151.64
   $ 2.57 regular rate
   x 29.5 hours
   75.815 or $75.82 x 2 = $151.64

3. $5.[illegible]
   $ 3.50 regular rate
   x 1.5 overtime rate
   5.25 per hour overtime

4. $192.50
   40 x $ 3.50 = $140.00
   10 x $ 5.25 = 52.50
   $192.50

5. $4.50
   4 hours x .75 = $ 3.00
   1 hour x 1.50 = 1.50
   $ 4.50

6. $115
   20 x $2.30 = $ 46.00
   20 x ($2.30 x 1.5) = 69.00
   $115.00

7. a. $ 15.60 ($1.56 x 10)

   b. $101.12 ($2.56 x 39.5)

   c. $182.88 ($3.50 x 52.25 = 182.875)

ASSIGNMENT SHEETS #5, #6 and #7

Completed to the satisfaction of the instructor.

Name ______________________________

YOUR EMPLOYMENT
UNIT VII

TEST

1. Match terms to the most closely associated descriptions by placing the number of the term on the line preceding the corresponding description.

	Descriptions	Terms
____	a. Total pay	1. Aptitude
____	b. Work stoppage	2. Automatic deposits
____	c. $1 per shirt hemmed	3. Boycotting
____	d. Natural talent	4. Commission
____	e. Reduced production	5. F.I.C.A.
____	f. Paycheck right into bank	6. Gross earnings
____	g. % of sales	7. Mediator
____	h. Peacemaker	8. Piece rate
____	i. Withholdings	9. Sit-down strike
____	j. No use - for influence	10. Slow-down

2. List six common deductions withheld from paychecks.

a.

b.

c.

d.

e.

f.

3. Name four social security benefits.

a.

b.

c.

d.

4. If a person desires post high school education or training to improve job potential, describe at least four educational opportunities or types of training or financial assistance usually available.

5. Discuss three factors that should be considered before taking a job.

a.

b.

c.

6. List three negotiation practices that affect employees.

a.

b.

c.

Name ______________________________

TEST

7. Calculate the total amount of pay earned for each of the following situations and write the correct answer on the blank line beside each question:

a. Ruth works 37½ hours at the rate of $3.56 per hour. What were her gross earnings for the week? _______________

b. If Mark's normal hourly pay is $4.47, what will he make per hour if he works overtime and is paid "time and a half"? _________________

c. Maria is employed by a dress shop where she is paid time and a half for all work beyond 38 hours per week. If her regular hourly rate is $3.69, how much will her total earnings be during a week in which she worked 45 hours?

____

d. Carol babysits on weekends for children whose parents are out of town. She charges a flat rate of $20 for each 24 hour block of time from 5:00 p.m. Friday to 5:00 p.m. Sunday and $1.50 per hour for every hour past 5:00 p.m. Sunday that she babysits. She sat for the Penny children this weekend. Mr. and Mrs. Penny left town at 5:00 p.m. Friday and did not return until 11:00 p.m. Sunday night. How much do the Pennys owe Carol for babysitting? _________

e. Bill and Bob mow yards during the summer. They charge $5.00 an hour plus $1.50 for trimming and $2.00 extra for "bagging" the grass clippings and 10¢ for each plastic bag they used. They mowed Mrs. Moffit's yard and worked a total of 2½ hours. They trimmed and bagged, using 7 bags. How much does Mrs. Moffit owe each of the boys if the money is split evenly between them? ______________

YOUR EMPLOYMENT
UNIT VII

ANSWERS TO TEST

1. a. 6
   b. 9
   c. 8
   d. 1
   e. 10
   f. 2
   g. 4
   h. 7
   i. 5
   j. 3

2. a. Withholding taxes
   b. Union or group dues
   c. Insurance
   d. Stock or savings bond programs
   e. Retirement or pension funds
   f. Charitable contributions

3. a. Retirement income
   b. Death
   c. Disability insurance
   d. Aid to families with dependent children

4. (suggestions)

   In-service seminars
   Vocational-technical programs
   U. S. Government basic grant programs
   VA benefits
   Community college - day or night classes
   Technical schools
   Universities or 4-year colleges
   College extension classes

5. Any three of the following:

   Physical examination
   Skill and aptitude testing
   Obtaining required clothing or equipment
   Minimum wage

6. Any three of the following:

   Strikes
   Slow-down
   Picketing
   Compensation
   Bargaining

7. a. \$133.50 37.5 x \$3.56

b. \$6.71 per hour = \$6.705 = 1.5 x 4.47

c. \$178.97 = \$140.22 + \$38.75 = ([45 - 38] x 5.535) + (38 x 3.69)

d. \$49.00 = (20 x 2) + (6 x 1.50)

e. $\$8.35 = \frac{(2.5 \times 5.00) + 1.50 + 2.00 + (7 \times .10)}{2} = \frac{16.70}{2}$

YOUR TAXES
UNIT VIII

UNIT OBJECTIVE

After completion of this unit, the student should be able to complete and file an income tax return correctly and discuss taxation mathematics and deduction principles incorporated within a federal income tax Form 1040 or 1040A.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Match terms commonly associated with taxation to the correct definitions.
2. Discuss basic information about federal income tax, including payroll deductions, exemptions, income tax deductions and types of income tax forms.
3. Complete a 1040A federal income tax form correctly.
4. Explain what "income averaging" means with regard to taxation and describe a situation in which a taxpayer might benefit by using this method.
5. Describe types of taxable property.
6. List due dates for tax installment payments.
7. Complete a claim correctly for social security retirement benefits.

YOUR TAXES
UNIT VIII

SUGGESTED ACTIVITIES

I. Instructor:

- A. Provide students with objectives sheet (preceding page)
- B. Provide students with information sheets and assignment sheets
- C. Make transparencies
- D. Discuss objectives
- E. Discuss information sheets, assignment sheets and topics in content outline
- F. Give test

II. Student:

- A. Read objectives sheet
- B. Study information sheet
- C. Complete assignment sheets
- D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

- A. Objectives sheet
- B. Information sheets
  - 1. Terms
  - 2. Content topic outline
- C. Transparency masters
  - 1. TM-VIII-1: Figuring Your Tax Withholdings
  - 2. TM-VIII-2: Anatomy of a Paycheck

3. TM-VIII-3: Do You Need a Schedule?
4. TM-VIII-4: Income Averaging--Do You Qualify?
5. TM-VIII-5: What is Personal Property?
6. TM-VIII-6: Estimated Tax Installment Due Dates

D. Assignment sheets

1. Assignment Sheet #1: Taxation Math Exercises
2. Assignment Sheet #2: Claiming Your W-4 Form Exemptions
3. Assignment Sheet #3: Is It Deductible?
4. Assignment Sheet #4: Filling out Tax Form 1040A
5. Assignment Sheet #5: Completing a Social Security Benefit Claim

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Glos, Raymond E. and Harold A. Baker. *Introduction to Business*, 6th edition. Cincinnati: South-Western Publishing Company, 1967.

2. Hastings, Paul and Norbert Mietus. *Personal Finance.* New York: McGraw-Hill Book Company, Inc., 1972.

3. Leith and Lumpkin. *Economics U. S. A.* New York: McGraw-Hill Book Company, Inc., 1968.

4. Price, Ray, Vernon A. Musselman and J. Curtis Hall. *General Business for Everyday Living*, 4th edition. New York: McGraw-Hill Book Company, Inc., 1972.

5. Smith, Carlton and Richard Pratt. *The Time-Life Book of Family Finance.* Time, Inc., 1970.

B. Free government publications

1. Department of Treasury, Internal Revenue Service

   a. Form W-4E *"Exemption From Withholding"* (of Federal Income Tax)
   b. Form W-4 *"Employee's Withholding Allowance Certificate"*

c. Form W-2 *"Wage and Tax Statement"*
d. Form 1040A and 1040 *"U. S. Individual Income Tax Return"* and Instructional Booklet
e. Circular E *"Employer's Tax Guide"*
f. Publication 21 Student Edition *"Teaching Taxes Program"*

2. Social Security Administration

    a. Form SS-5 *"Application for Social Security Number"*
    b. Form OAAN-7003 *"Request for Change of Social Security Records"*
    c. Form OAR-7004 *"Request for Statement of Earnings"*

C. Curriculum guide

Napier, Deedee Stocker. *Personal Finance.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia, 1975.

D. Resource persons

1. Attorney (public attorney)

2. Local license bureau representative

3. Tax consultant

4. CPA or tax accountant

E. Transparency masters

Taxes series. Business 2B (1963), Minnesota Mining and Manufacturing Company, Education Services, 3M Center, St. Paul, MN 55101.

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YOUR TAXES
UNIT VIII

UNIT NOTES TO THE TEACHER

There are many excellent supplemental teaching aids on taxation, and the regional office of the Internal Revenue Service is quite willing to supply educators with any number of free tax forms, schedules and U. S. government publications on taxes. Their *Teaching Taxes Program* (publication 21) is especially useful. A unit of study on taxation also appears in the instruction guide *Personal Finance*, which is available from the Instructional Materials Laboratory at the University of Missouri-Columbia.

This unit of study approaches taxation through the use of tax tables, payroll tax deductions and the completion of forms related to the subject area.

Although deductions were figured mathematically in the exercises of this unit, the same problems could also be worked by using current tax tables.

It might be wise to build on the theory of taking withholding exemptions introduced in Unit VII (Your Employment) by explaining to students that the number of exemptions a person selects to take on the W-4 form is actually only an arbitrary guide for "forced saving" toward tax payments.

ASSIGNMENT SHEET #1

This activity is related to Transparency Master TM-VIII-1, which may either be projected during the assignment or duplicated as a student handout.

YOUR TAXES
UNIT VIII

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Deductions--The amount of money subtracted from gross earnings (taxable income) for approved purposes. Tax deductions include:

1. Standard--A type of tax deduction in which a certain percentage (such as 10%) is deducted from income to lower the total amount subject to taxation. For federal income tax purposes, this amount deducted must not exceed $2,000.

2. Itemized--Another method of taking a tax deduction involving an item-by-item listing of approved income spendings which are tax deductible instead of taking a flat percentage discount.

B. Form 1040 and Form 1040A--Tax filing return report forms on which taxable income is figured and the amount of tax due is computed. Form 1040A is a shorter, more simplified form of the 1040. Form 1040A may be used for reporting income that contains no unusual deductions or revenues.

C. IRS (Internal Revenue Service)--A federal government agency responsible for the collecting, servicing and auditing of all federal taxes and charges.

D. Tax--A compulsory charge imposed on individuals and businesses by government (federal, state, community) on certain things (such as production, consumption, wealth, community memberships). The collected revenue from taxes is used to finance public services.

E. Exemptions--A form of income tax deduction based on the number of dependents a taxpayer supports. At present, the law allows a $750 deduction for each dependent.

	Related Materials
II. Your federal income tax	Assign. #1 TM-VIII-1
A. Payroll deductions	TM-VIII-2
1. FICA	
2. Federal withholding	
B. Claiming exemptions	
1. Dependents	
2. Exemptions on Form W-4	Assign. #2
C. Income tax deductions	
1. Standard	
2. Itemized	
D. Types of income tax forms	Assign. #3
1. 1040	
2. 1040A	TM-VIII-3
III. Complete a 1040A Income Tax Form	Assign. #4
IV. Averaging income for taxes	TM-VIII-4
V. Property taxes	
A. Real	
B. Personal	TM-VIII-5
1. Assessments of autos	
2. Assessments of home contents	
VI. Due dates for tax payments	TM-VIII-6
VII. Complete a claim for social security retirement benefits	Assign. #5

FIGURING YOUR TAX WITHHOLDINGS

(percentage method)

TABLE A

Flat amount for ONE exemption allowance

PAYROLL PERIOD	amt. for one
Weekly	$14.40
Biweekly	28.80
Semimonthly	31.30
Monthly	62.50
Quarterly	187.50
Semiannual	375.00
Annual	750.00
Daily or miscellaneous (per day of such period)	2.10

TABLE A

Percentage on amount subject to withholding

TABLE 1. WEEKLY Payroll Period

(a) SINGLE person—including head of household:

If the amount of wages is: / *The amount of income tax to be withheld shall be:*

Not over $25 0

Over—	But not over—		of excess over—
$25	—$67	16%	—$25
$67	—$115	$6.72 plus 20%	—$67
$115	—$183	$16.32 plus 23%	—$115
$183	—$240	$31.96 plus 21%	—$183
$240	—$279	$43.93 plus 26%	—$240
$279	—$346	$54.07 plus 30%	—$279
$346		$74.17 plus 36%	—$346

(b) MARRIED person—

If the amount of wages is: / *The amount of income tax to be withheld shall be:*

Not over $48 0

Over—	But not over—		of excess over—
$48	—$96	17%	—$48
$96	—$173	$8.16 plus 20%	—$96
$173	—$264	$23.56 plus 17%	—$173
$264	—$346	$39.03 plus 25%	—$264
$346	—$433	$59.53 plus 28%	—$346
$433	—$500	$83.89 plus 32%	—$433
$500		$105.33 plus 36%	—$500

Anatomy of a Paycheck

This is a weekly record of your earnings and deductions

SPARHEJON enterprises
Columbia, Missouri 65201

no. 2301

Period Ending	EARNINGS regular	EARNINGS overtime	GROSS PAY	DEDUCTIONS fica	DEDUCTIONS income tax	DEDUCTIONS insurance	NET PAY
10-31	800.00	–	800.00	46.00	87.00	37.00	630.00

-IMPORTANT-
you must keep this receipt for your personal record

SPARHEJON enterprises
Columbia, Missouri 65201

DATE 11-1
no. 2301

FIRST CITY BANK

Pay to the order of Frank Ruether $ 630.00

six-hundred thirty and no hundredths dollars

void if drawn for more than $1000
void if not cashed within 30 days

PAYROLL ACCOUNT
Adam Sparhejon

Do You Need A Schedule?

SCHEDULE A & B

Itemized Deductions/Dividend and Interest Income

SCHEDULE D

Capital Gains & Losses

SCHEDULE E

Income Supplemental

SCHEDULE R

Credit for the Elderly

SCHEDULE G

Income Averaging

FORM 2441

Credit for
Child Care Expense

INCOME AVERAGING- -Do You Qualify?

1. Income over $3,000
2. U.S. citizen for four years
3. If married, spouse must meet support test

1972

$3,000
Annual
Income

1973

$4,500
Selected
Base Year

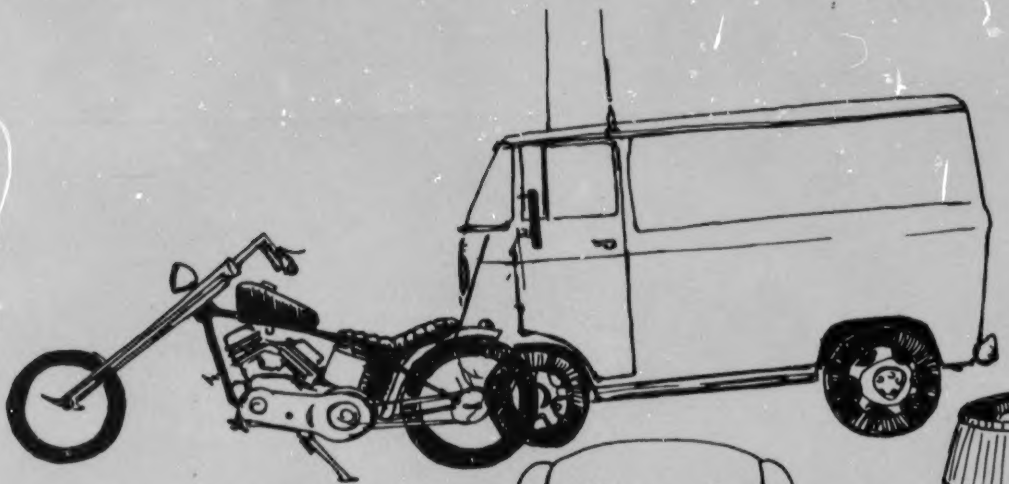
1974

$8,000
Part-time
Working
Student

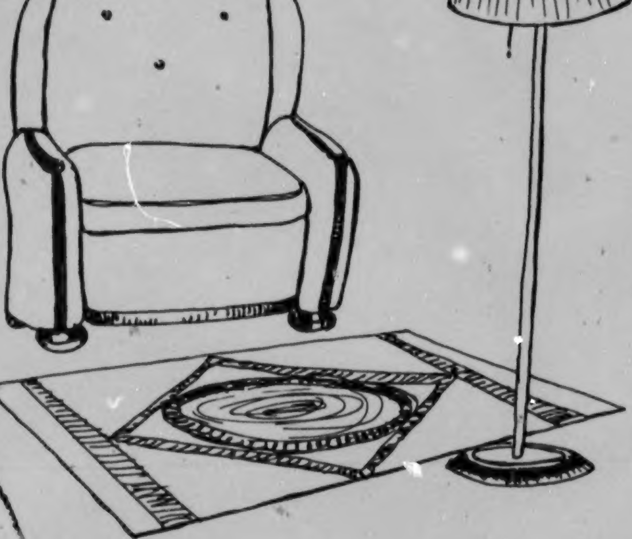
1975

$15,000
Graduate
with a Job!

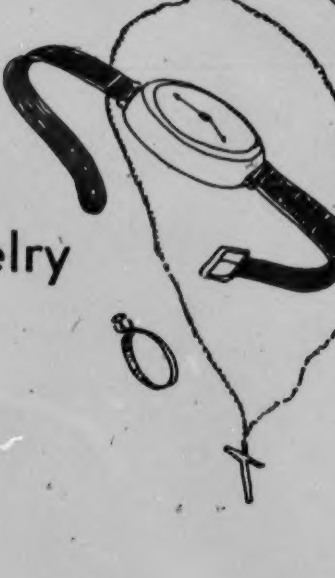
WHAT IS PERSONAL PROPERTY?



1. Motor Vehicles

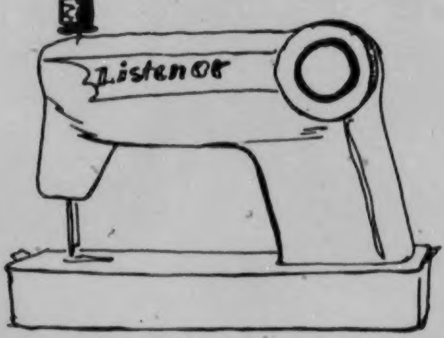


2. Furniture



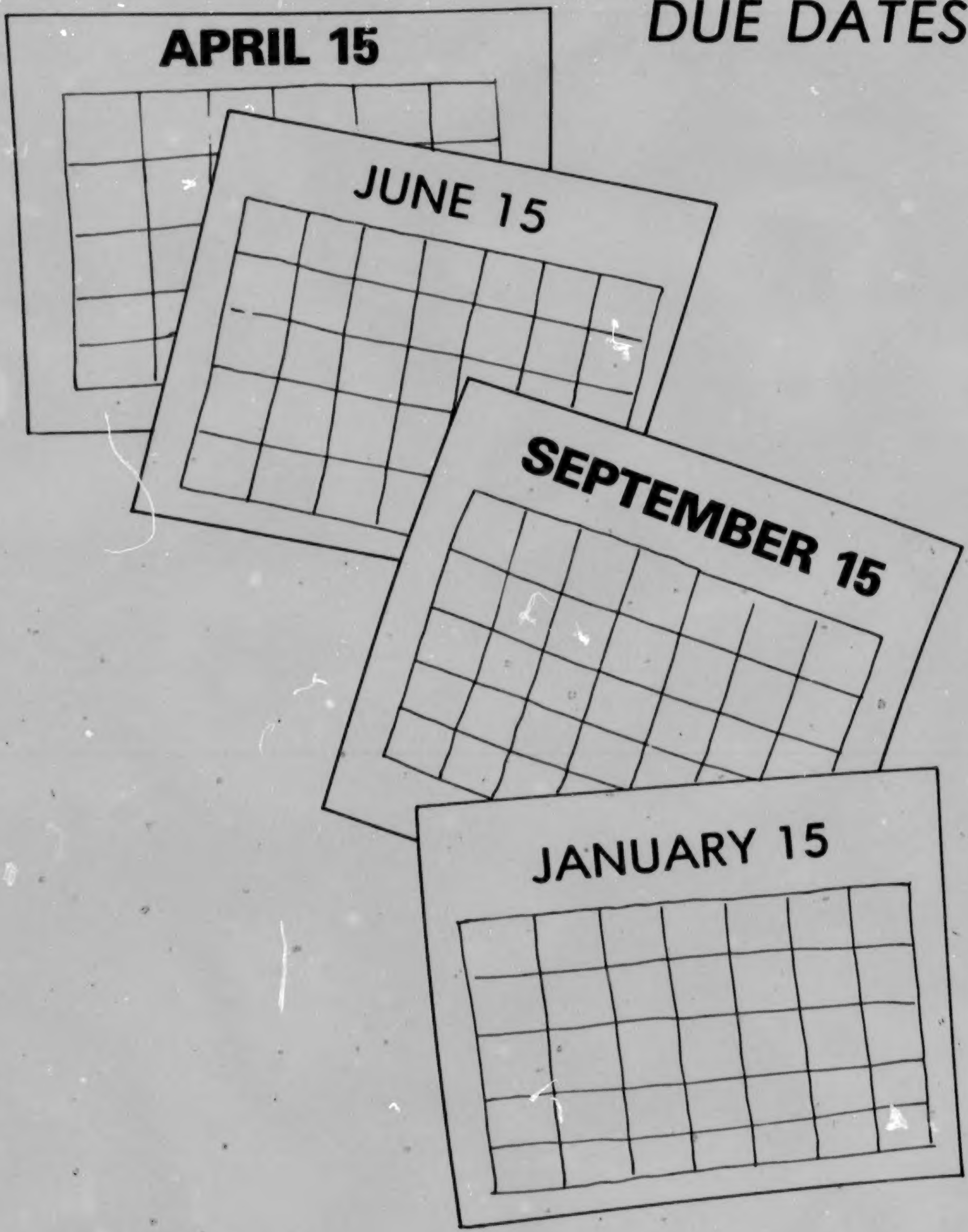
3. Jewelry

4. Machinery



ESTIMATED TAX INSTALLMENT

DUE DATES


APRIL 15
JUNE 15
SEPTEMBER 15
JANUARY 15

Name ______________________________

YOUR TAXES
UNIT VIII

ASSIGNMENT SHEET #1: TAXATION MATH EXERCISES

Directions: Using the reprinted portion of the federal income tax withholding tables found on Transparency Master TM-VIII-1 and a social security withholding rate of 5.85% (of gross earnings), find the "take-home" amount (net earnings) for each worker below.

1. Beth Nelson works as a camp counselor and earns a total of $715.20 for the summer. From her gross earnings, the following are deducted: $64.41 for federal tax withholdings, $16.15 for state taxes, $7.15 for county tax, $41.84 for FICA, $12.50 for camp uniforms, $7.46 for life insurance premiums and $21.52 for health benefits. What will Beth's net paycheck amount to? $__________

2. Sam Quinn earns $100 a week as a waiter. He also brings in an additional $100 each week in tips. Last semester he worked a total of 8 weeks. If state taxes of $37 and no federal withholdings were deducted, what would be his net pay for the semester after social security withholdings were deducted? $__________

3. If Patty earns a total of $85 for the week and claims one exemption, what will be her net pay for the weekly pay period after FICA deductions? $__________

4. Doug is unmarried and is paid $150 a week working as a key punch operator at a local manufacturing firm. He claims two personal withholding allowances on his W-4. Using the percentage method of figuring withholdings found on TM-VIII-1, figure the amount of his earnings subject to withholding and the tax to be withheld. What would his take-home pay be? $__________

5. Connie is married and earns $85 a week as a file clerk in the mayor's office. She claims three exemptions. What is her take-home pay? $__________

6. Edward is a salesclerk at a men's clothing store and earns $110 a week. He is single and claims himself only on his W-4. What are his net earnings after tax withholdings? $__________

7. Mark is single but counts himself as a "head of household" because he supports himself, his mother and twin sisters. He claims four exemptions on his W-4 and earns $250 a week selling insurance. What would his net earnings be after tax withholdings and social security are deducted? $____________

8. Linda is a computer programmer and earns $310 each week. She is unmarried but claims 3 exemptions on her W-4. What is her take-home pay after withholding taxes and social security are deducted? $__________

9. Alice babysits during the summer for two children while their mother works. She charges $5 per child per work day. She sits Monday through Friday. What is her net pay after taxes and social security are deducted if she is single and claims herself only on her W-4? $__________

10. If Alice (in problem #9) marries and still claims one exemption, what would her net pay be (after taxes and social security) if she kept the same job? $___________

Name ______________________

YOUR TAXES
UNIT VIII

ASSIGNMENT SHEET #2: CLAIMING YOUR W-4 FORM EXEMPTIONS

Directions: Fill out the three attached federal income withholding allowance certificates to correspond with the information given for each situation that follows.

SITUATION 1: Carol Anne Whitlock is single and a part-time typist. She is living at home while attending the university, and her father claims her as a dependent on his annual income tax return. She has been requested to fill out a W-4 for her part-time job, which will pay her a yearly salary of $2,000. Have Carol claim her maximum allowed allowance. Her address is 1305 Elm Street, Morristown, Missouri 65307. Her social security number is 592-52-6429. The date is June 7, 19--.

Form **W-4**
(Rev. Aug. 1972)
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate
(This certificate is for income tax withholding purposes only; it will remain in effect until you change it.)

Type or print your full name

Your social security number

Home address (Number and street or rural route)

Marital status
☐ Single ☐ Married
(If married but legally separated, or wife (husband) is a nonresident alien, check the single block.)

City or town, State and ZIP code

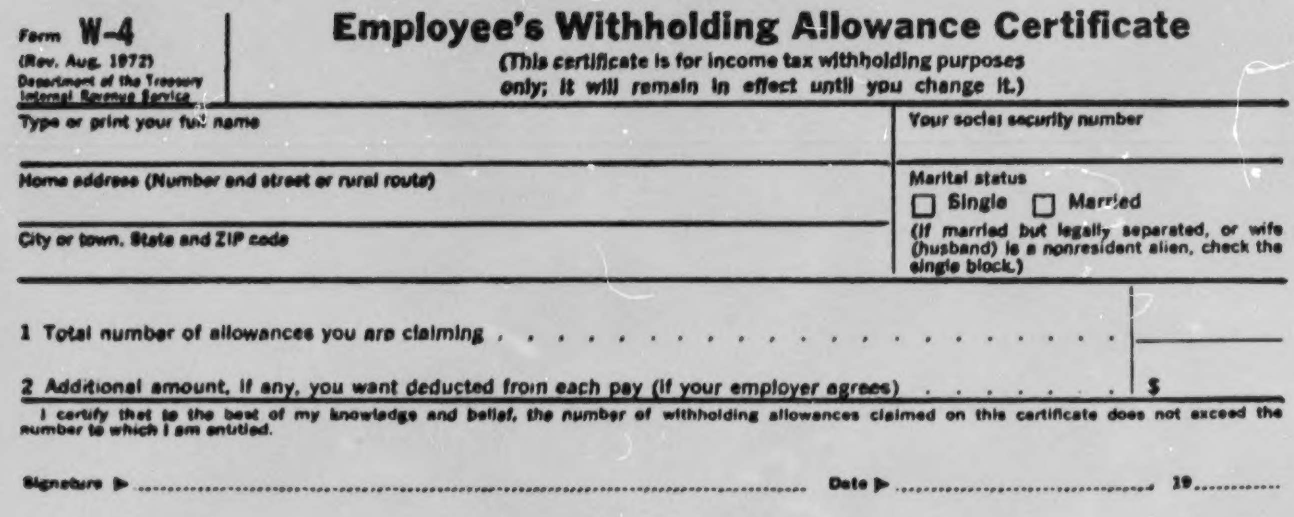
1 Total number of allowances you are claiming . . . . ______

2 Additional amount, if any, you want deducted from each pay (if your employer agrees) . . . . $

I certify that to the best of my knowledge and belief, the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled.

Signature ▶ .... Date ▶ .... 19..........

SITUATION 2: Frank Coleman is divorced from his wife, but his five children are living with him. He wants to claim the maximum number of allowance exemptions so he will have more "take-home" pay each month. Provide an address and social security number for Frank and use the current date.



Form **W-4** (Rev. Aug. 1972) Department of the Treasury Internal Revenue Service

Employee's Withholding Allowance Certificate

(This certificate is for income tax withholding purposes only; it will remain in effect until you change it.)

Type or print your full name

Your social security number

Home address (Number and street or rural route)

Marital status ☐ Single ☐ Married (If married but legally separated, or wife (husband) is a nonresident alien, check the single block.)

City or town, State and ZIP code

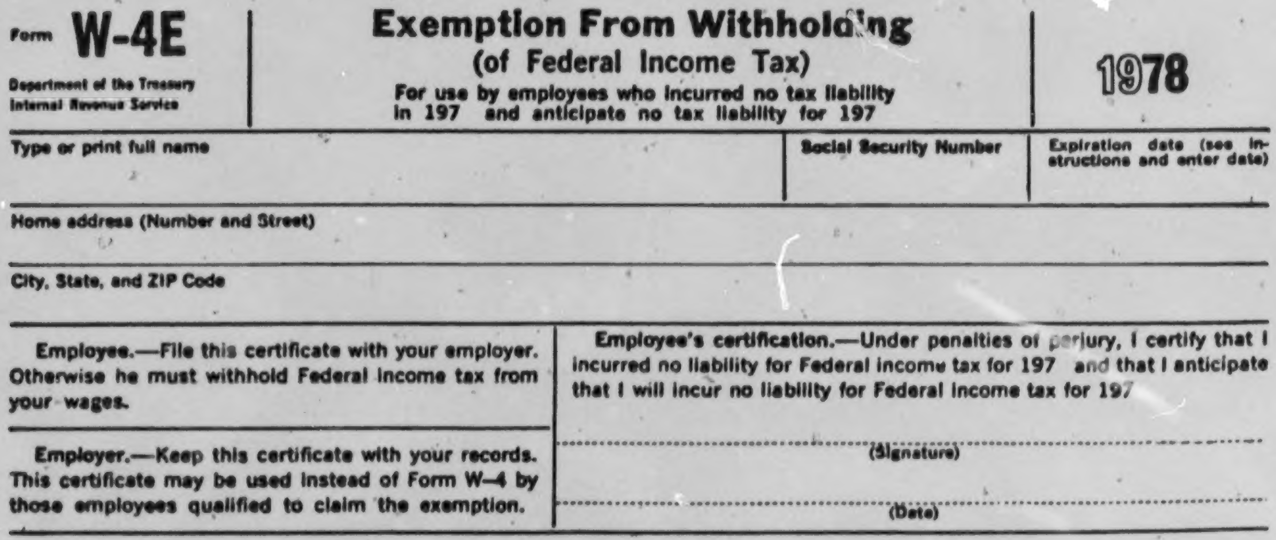
1 Total number of allowances you are claiming . . . .

2 Additional amount, if any, you want deducted from each pay (if your employer agrees) . . . . $

I certify that to the best of my knowledge and belief, the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled.

Signature ▶ .... Date ▶ .... 19..........

SITUATION 3: Simon Marcos has a 4-week seasonal job picking apples after school during the month of October. He will make a total of $400 this fall and didn't have a job (or income) last year. He doesn't want his employer to withhold any taxes from his meager earnings; therefore, he will complete a Form W-4E for this purpose. This certificate will expire April 30, 19--, and he has no social security number. His address is 4020 Bass Avenue, Apt. #110, Columbia, Missouri 65201. Today's date is October 4, 19--.



Form **W-4E** Department of the Treasury Internal Revenue Service

Exemption From Withholding (of Federal Income Tax)

For use by employees who incurred no tax liability in 197 and anticipate no tax liability for 197

1978

Type or print full name | Social Security Number | Expiration date (see instructions and enter date)

Home address (Number and Street)

City, State, and ZIP Code

Employee.—File this certificate with your employer. Otherwise he must withhold Federal income tax from your wages.

Employer.—Keep this certificate with your records. This certificate may be used instead of Form W-4 by those employees qualified to claim the exemption.

Employee's certification.—Under penalties of perjury, I certify that I incurred no liability for Federal income tax for 197 and that I anticipate that I will incur no liability for Federal income tax for 197

.... (Signature)

.... (Date)

Name ______________________________

YOUR TAXES
UNIT VIII

ASSIGNMENT SHEET #3: IS IT DEDUCTIBLE?

Directions: Decide whether each item or situation listed below is generally an allowed "deductible" on an itemized federal income tax return. If you think the item is deductible, check the appropriate space under the "yes" column; if not, check the "no" column.

Is It Deductible?	Yes	No
1. Church service "offerings"		
2. Gifts to a social club		
3. Mortgage interest		
4. Sales taxes		
5. Personal property taxes		
6. Driver's license fees		
7. Social security taxes		
8. Losses on money in a stolen wallet		
9. Losses on a stolen bicycle		
10. Losses on a flood-damaged home		
11. Accidental losses of cash		
12. Hunting license fees		
13. Medical expenses over 3% of income		
14. Employment agency fees to obtain a job		
15. Tax council fees to prepare tax forms		
16. Child care during work hours		
17. Cost of required employment uniforms		
18. Safety deposit box fees		

Name ______________________________

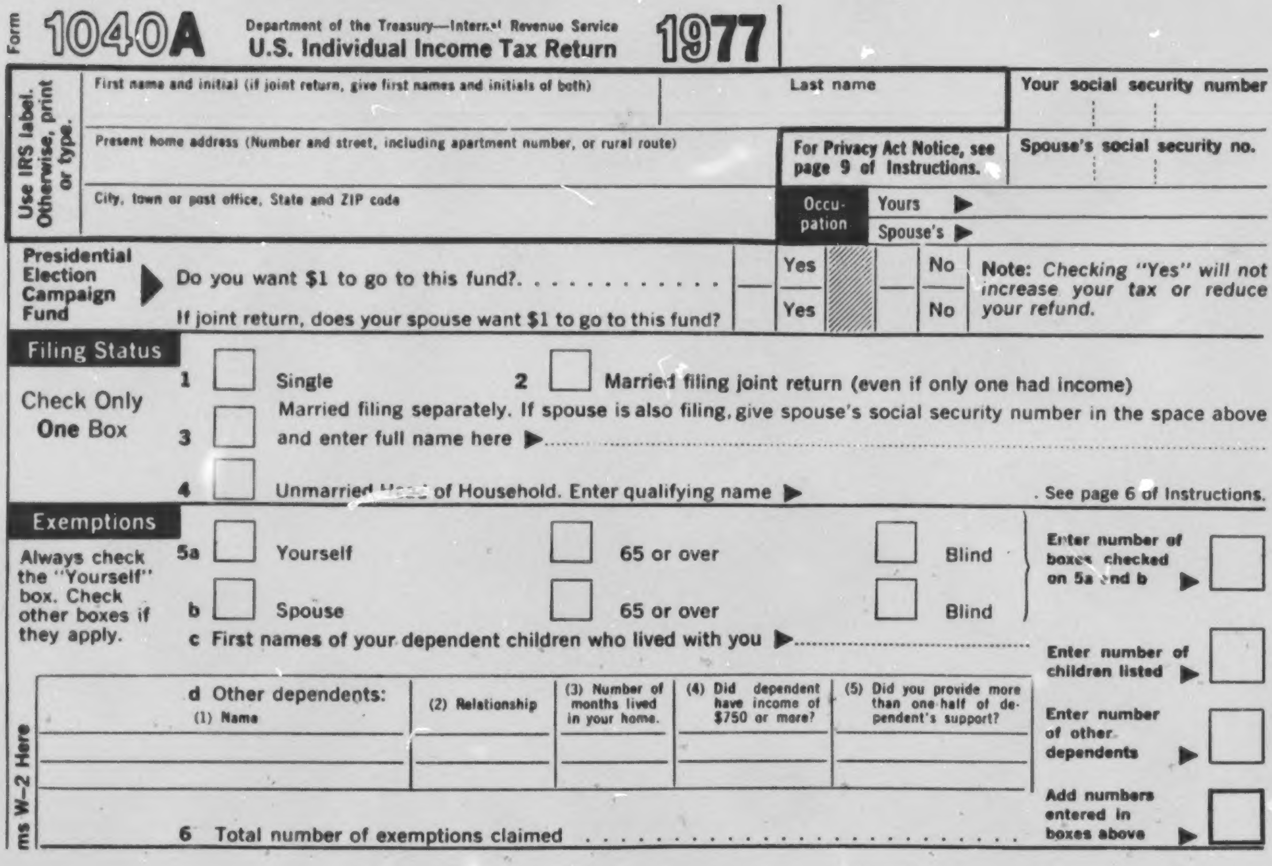
YOUR TAXES
UNIT VIII

ASSIGNMENT SHEET #4: FILLING OUT TAX FORM 1040A

Directions: Using the blank tax form 1040A for federal taxes and the following information, prepare a short-form return for Terry Allen.

1. Terry Allen is 23 years old and lives at 414 West 50th Street, Kansas City, Missouri 64113.
2. Terry works as a bookkeeper for A-1 Book Service and earns $650 a month.
3. Terry claimed one exemption on the W-4 form and is single. His social security number is 498-34-1120.
4. He wishes to contribute to the "Presidential Election Campaign Fund."
5. During the past year, he received a total of $100 in mutual fund dividends and earned $10 interest from his savings account.
6. The tax table shows that the tax due on Terry's taxable income is $979.00. His W-2 form shows $1200 withheld for the year.
7. Terry prepared his own form 1040A.

Assignment Sheet #4 continued



Form **1040A** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1977**

Use IRS label. Otherwise, print or type.

First name and initial (if joint return, give first names and initials of both)	Last name	**Your social security number**
Present home address (Number and street, including apartment number, or rural route)	**For Privacy Act Notice, see page 9 of Instructions.**	**Spouse's social security no.**
City, town or post office, State and ZIP code	**Occupation**	Yours ▶ Spouse's ▶

Presidential Election Campaign Fund ▶
Do you want $1 to go to this fund?. . . . . ☐ Yes ☐ No
If joint return, does your spouse want $1 to go to this fund? ☐ Yes ☐ No
Note: *Checking "Yes" will not increase your tax or reduce your refund.*

Filing Status

Check Only **One Box**

1 ☐ Single 2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separately. If spouse is also filing, give spouse's social security number in the space above and enter full name here ▶
4 ☐ Unmarried Head of Household. Enter qualifying name ▶ . See page 6 of Instructions.

Exemptions

Always check the "Yourself" box. Check other boxes if they apply.

5a ☐ Yourself ☐ 65 or over ☐ Blind
b ☐ Spouse ☐ 65 or over ☐ Blind
Enter number of boxes checked on 5a and b ▶ ☐

c First names of your dependent children who lived with you ▶
Enter number of children listed ▶ ☐

d Other dependents: (1) Name	(2) Relationship	(3) Number of months lived in your home.	(4) Did dependent have income of $750 or more?	(5) Did you provide more than one-half of dependent's support?

Enter number of other dependents ▶ ☐

6 Total number of exemptions claimed . . . . Add numbers entered in boxes above ▶ ☐

ms W-2 Here

Assignment Sheet #4 continued

Please Attach Copy B of For

Please Attach Check or Money Order Here

7 Wages, salaries, tips, and other employee compensation. (Attach Forms W-2. If unavailable, see page 11 of Instructions) 7

8 Interest income (see page 4 of Instructions) 8

9a Dividends .... 9b Less exclusion .... Balance ▶ 9c

(See pages 4 and 11 of Instructions)

10 Adjusted gross income (add lines 7, 8, and 9c). If under $8,000, see page 2 of Instructions on "Earned Income Credit." If eligible, enter child's name ▶ 10

11a Credit for contributions to candidates for public office. Enter one-half of amount paid but do not enter more than $25 ($50 if joint return) 11a

IF YOU WANT IRS TO FIGURE YOUR TAX, PLEASE STOP HERE AND SIGN BELOW.

b Total Federal income tax withheld (if line 7 is larger than $16,500, see page 12 of Instructions) 11b

c Earned income credit (from page 2 of Instructions) 11c

12 Total (add lines 11a, b, and c) 12

13 Tax on the amount on line 10. (See Instructions for line 13 on page 12, then find your tax in Tax Tables on pages 14–25.) 13

14 If line 12 is larger than line 13, enter amount to be **REFUNDED TO YOU** . . . . . ▶ 14

15 If line 13 is larger than line 12, enter **BALANCE DUE.** Attach check or money order for full amount payable to "Internal Revenue Service." Write social security number on check or money order . . ▶ 15

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign

▶ Your signature Date

▶ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

▶ Paid preparer's signature and identifying number (see instructions)

▶ Paid preparer's address (or employer's name, address, and identifying number)

☆ U.S. GOVERNMENT PRINTING OFFICE : 1977—[illegible]-235-380 [illegible]

410

Name ______________________________

YOUR TAXES
UNIT VIII

ASSIGNMENT SHEET #5: COMPLETING A SOCIAL SECURITY BENEFIT CLAIM

Directions: Wage earners pay social security "taxes" during their working years. However, they may receive back some of their contributions in the form of monthly allotments or health care upon eligibility.

The following is a sample of a form that persons asking for social security benefits must complete. Complete this form by filling in information for an actual acquaintance or relative of yours or by composing particular details (names, dates) for an imaginary person.

As you glance over the application, are you surprised by the volume and depth of personal information requested?

(Do not write in this space)

APPLICATION FOR RETIREMENT INSURANCE BENEFITS

If this claim is approved and you are still entitled to benefits at age 65, you will automatically have hospital insurance protection under Medicare at age 65. If you are not also eligible for automatic enrollment in the Supplementary Medical Insurance Plan, this application may be used for voluntary enrollment.

I hereby apply for all insurance benefits for which I am eligible and which may be payable to me under Title II and Title XVIII of the Social Security Act, as presently amended.

1. Print Your Full Name *(First name, middle initial, last name)*

Enter your Social Security Number ___ ___ ___ | ___ ___ | ___ ___ ___ ___

2. Check (✓) whether you are: ☐ Male ☐ Female

Enter your maiden name *(if applicable)*

3. (a) Enter your date of birth (Month, day, year)

(b) Enter name of State or foreign country where you were born

(c) Was a public record of your birth made before you were age 5? ☐ Yes ☐ No ☐ Unknown

(d) Was a religious record of your birth made before you were age 5? ☐ Yes ☐ No ☐ Unknown

4. (a) Check (✓) whether you are:
☐ MARRIED *(Whether living together or separated)* ☐ WIDOWED ☐ DIVORCED *(Married less than 20 years)* ☐ DIVORCED *(Married at least 20 years)* ☐ SINGLE

(If you checked "MARRIED" or "WIDOWED," complete (b) and (c).) *(If you checked "DIVORCED" or "SINGLE," go on to item 5.)*

(b) Enter your wife's maiden name or your husband's name	Date of birth *(If unknown, give age)*	Date of marriage	Date of death *(If deceased)*	Your wife's or your husband's Social Security Number *(If none or unknown, so indicate)*
				___ ___ ___ | ___ ___ | ___ ___ ___ ___

(c) If you are a married woman, is your husband receiving at least one-half of his support from you? ☐ Yes ☐ No

Your children *(including natural children, adopted children, and stepchildren)* or dependent grandchildren *(including stepgrandchildren)* may be eligible for benefits based on your earnings record.

5. Do you have ANY children who are now or were in the past 12 months UNMARRIED and:	Number of children *(If none, write "None")*
• UNDER AGE 18	
• AGE 18 TO 23 AND ATTENDING SCHOOL	
• DISABLED OR HANDICAPPED (18 or over and disability began before age 22)	

6. (a) Is your husband or wife applying for benefits? *(If "Yes," complete (b) and (c) below. If "No," go on to item 7.)* ☐ Yes ☐ No

(b) Check (✓) whether your marriage was performed by:
☐ Clergyman or authorized public official, or ☐ Other *(Explain)*

(c) Were you married before your present marriage? *(If "Yes," give the following information about each of your previous marriages. If you need more space, use "Remarks" section on back or attach a separate sheet.)* ☐ Yes ☐ No

YOUR PREVIOUS MARRIAGE	To Whom Married	When *(Month, day, and year)*	Where *(Enter name of city & State)*
	How Marriage Ended	When *(Month, day, and year)*	Where *(Enter name of city & State)*

(Over)

7.	(a) Have you ever before filed an application for monthly social security benefits or for hospital or medical insurance under Medicare? *(If "Yes," answer (b), (c), (d) and (e).) (If "No," go on to item 8.)*	☐ Yes ☐ No
	(b) Enter name of person on whose earnings record you filed other application	
	(c) Enter Social Security Number of person named in (b). *(If unknown, so indicate)*	___ ___ ___ | ___ ___ | ___ ___ ___ ___
	(d) Are you now receiving benefits on this record?	☐ Yes ☐ No
	(e) What kind of benefits are you receiving? *(For example, wife, mother, widow)*	
8.	(a) Are you so disabled now that you can't work, or was there some period during the last 14 months when you were so disabled that you could not work? *(If "Yes," answer (b).) (If "No," go on to item 9.)*	☐ Yes ☐ No
	(b) Enter the date you became disabled *(Month, day, year)* ▶	
9.	(a) Were you in the active military or naval service (active duty or active duty for training) after September 7, 1939? *(If "Yes," answer (b), (c) and (d).) (If "No," go on to item 10.)*	☐ Yes ☐ No
	(b) Enter name of branch (Army, Navy, etc.) and country served (if other than U.S.A.).	(c) Enter dates of service below: FROM: TO:
	(d) Have you received, or do you expect to receive, a benefit from any other Federal agency? *(If "Yes," answer (e).) (If "No," go on to item 10.)*	☐ Yes ☐ No
	(e) Name the Federal agency(ies)	
10.	Have you or your spouse worked in the railroad industry any time on or after January 1, 1937?	☐ Yes ☐ No

11.
- Enter below the names and addresses of all the persons, companies, or Government agencies for whom you worked during the last 12 months.
- If you worked in agricultural employment, give this information for this year and last year.
- If neither of the above applies, write "None" below and go on to item 13.

Name and address of employer *(If you had more than one employer, please list them in order beginning with your last (most recent) employer.)*	Work began		Work ended *(If still working, show "Not Ended")*	
	Month	Year	Month	Year
(Use "Remarks" space for information about any other employers.)				

12. May we ask your employers for wage information needed to process your claim? ☐ Yes ☐ No

13. (a) Were you self-employed this year, last year, or the year before? ☐ Yes ☐ No
(If "Yes," answer (b).) (If "No," skip to item 14.)

(b) Check the year or years in which you were self-employed.	In what kind of trade or business were you self-employed? *(For example, storekeeper, farmer, physician)*	Were your net earnings from your trade or business $400 or more? *(Check "Yes" or "No")*
☐ This year		
☐ Last year		☐ Yes ☐ No
☐ Year before last		☐ Yes ☐ No

PLEASE READ THE FOLLOWING INFORMATION CAREFULLY BEFORE YOU ANSWER ITEMS 14 THRU 16

HOW YOUR EARNINGS IN 1977 AND LATER AFFECT YOUR BENEFITS

You may earn up to $3,000 a year and still receive all your social security benefits.* If you earn over $3,000, $1 in benefits may be withheld for each $2 of earnings you have over $3,000. No matter how much you earn in a year, you are entitled to a benefit for any month you do not earn wages of over $250 and do not perform substantial services in self-employment.

HOW YOUR EARNINGS IN 1976 AFFECT YOUR BENEFITS

If you earned over $2,760 in 1976, $1 in benefits may be withheld for each $2 of earnings you had over $2,760. You can receive a benefit for any month you did not earn wages of over $230 and did not perform substantial services in self-employment.

(NOTE: In figuring your earnings for any year, count only amounts earned before the month you became age 72. Count gross wages (not take-home pay) and net self-employment income. This applies to all employment and self-employment, whether or not covered by social security.)

14.	(a) How much were your total earnings last year? *If the total is over $2,760 AND you were age 62 or over last year, answer (b). Otherwise, go on to item 15.*	$
	(b) Did you earn more than $230 in employment or perform substantial services in self-employment in each month of last year?	☐ Yes *(If "Yes," go on to item 15.)* ☐ No *(If "No," answer (c).)*
	(c) Circle each month of last year in which you did not earn more than $230 in employment and did not perform substantial services in self-employment.	Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec
15.	(a) How much do you expect your total earnings to be this year? *If the total is over $3,000, answer (b). If less, go on to item 16.*	$
	(b) Did you or will you earn more than $250 in employment or perform substantial services in self-employment in all of the past months, the present month, and the next four months of this year?	☐ Yes *(If "Yes," go on to item 16.)* ☐ No *(If "No," answer (c).)*
	(c) Circle each month of this year through the next four months in which you did not or will not earn more than $250 in employment and did not or will not perform substantial services in self-employment.	Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec
16.	**Answer this item ONLY if you are now in the last 4 months of your taxable year (Sept., Oct., Nov., and Dec., if your taxable year is a calendar year).**	
	(a) How much do you expect your total earnings to be next year? *If the total is over $3,000, answer (b).*	$
	(b) List each of the next 4 months in which you do not expect to earn more than $250 in employment and do not expect to perform substantial services in self-employment.	Months
17.	This application for retirement benefits may be retroactive for as many as 12 months from the date it is filed but not for any months before you reached age 62. If you choose to receive benefits before you reach age 65, your benefits will be payable at a reduced rate. They will continue at a reduced rate even after you reach age 65, and may preclude later eligibility to any delayed retirement credits. If there are any months before you reach age 65 for which you do not wish to claim benefits, enter the months and give your reason.	

---

*This yearly period referred to in this and following items is the same 12-month period you use in figuring your income tax. If you use a fiscal year, that is, a taxable year that does not end Dec. 31 (with income tax return due April 15), enter here the month your fiscal year ends. ► Month

YOUR TAXES
UNIT VIII

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1

1. $544.17
$715.20 (Gross earnings)
- 171.03 (Total deducted)
$544.17 (Net earnings)

2. $1469.40
$100 + $100 = $200 x 8 = $1600 (Gross earnings)
$1600 x 5.85% = $93.60 (Social security withholdings)
$93.60 + $37.00 = $130.60 (Total deducted)
$1600 - $130.60 = $1469.40 (Net earnings)

3. 80.03 *exemptions claimed have no bearing on FICA

$85.00 x 5.85% = $4.97 (Social security withholdings)
$85.00 - $4.97 = $80.03 (Net earnings)

4. $132.25
$14.40 x 2 = $28.80 (Exemption allowance)
$150.00 - $28.80 = $121.20 (Amount subject to withholding)
$16.32 (Tax withheld on first $115)
$121.20 - $115.00 = $6.20 (Remainder)
$6.20 x 23% = $1.43 (Tax withheld on excess)
$16.32 + $1.43 = $17.75 (Total tax withheld)
$150.00 - $17.75 = $132.25 (Net earnings)

5. $85.00
$14.40 x 3 = $43.20 (Exemption allowance)
$85.00 - $43.20 = $41.80 (Amount subject to withholding)
*according to table, nothing withheld

6. $97.56
$110.00 - $14.40 = $95.60 (Subject to withholding)
$6.72 (Tax withheld on first $67)
$95.60 - $67.00 = $28.60 (Remainder)
$28.60 x 20% = $5.72 (Tax withheld on excess)
$6.72 + $5.72 = $12.44 (Total tax withheld)
$110.00 - $12.44 = $97.56 (Net earnings)

7. $201.44 $250.00 x 5.85% = $14.63 (Social security withholding)

$14.40 x 4 = $57.60 (Exemption allowance)
$250.00 - $57.60 = $192.40 (Amount subject to withholding)
$31.96 (Tax withheld on the first $183)
$192.40 - $183.00 = $9.40 (Remainder)
$9.40 x 21% = $1.97 (Tax withheld on excess)
$31.96 + $1.97 = $33.93 (Total tax withheld)
$250.00 - $33.93 - $14.63 = $201.44 (Net earnings)

8. $240.96 $310.00 x 5.85% = $18.14 (Social security withholding)

$14.40 x 3 = $43.20 (Exemption allowance)
$310.00 - $43.20 = $266.80 (Amount subject to withholding)
$43.93 (Tax withheld on the first $240)
$266.80 - $240.00 = $26.80 (Remainder)
$26.80 x 26% = $6.97 (Tax withheld on excess)
$43.93 + $6.97 = $50.90 (Total tax withheld)
$310.00 - $50.90 - $18.14 = $240.96 (Net earnings)

9. $45.37 $50.00 x 5.85% = $2.93

$50.00 - $14.40 = $35.60 (Amount subject to withholding)
$35.60 - $25.00 = $10.60 (Remainder)*
$10.60 x 16% = $1.70 (Total tax withheld)
$50.00 - $1.70 - $2.93 = $45.37 (Net earnings)

*According to the table $35.60 gives a 16% rate of excess over $25.

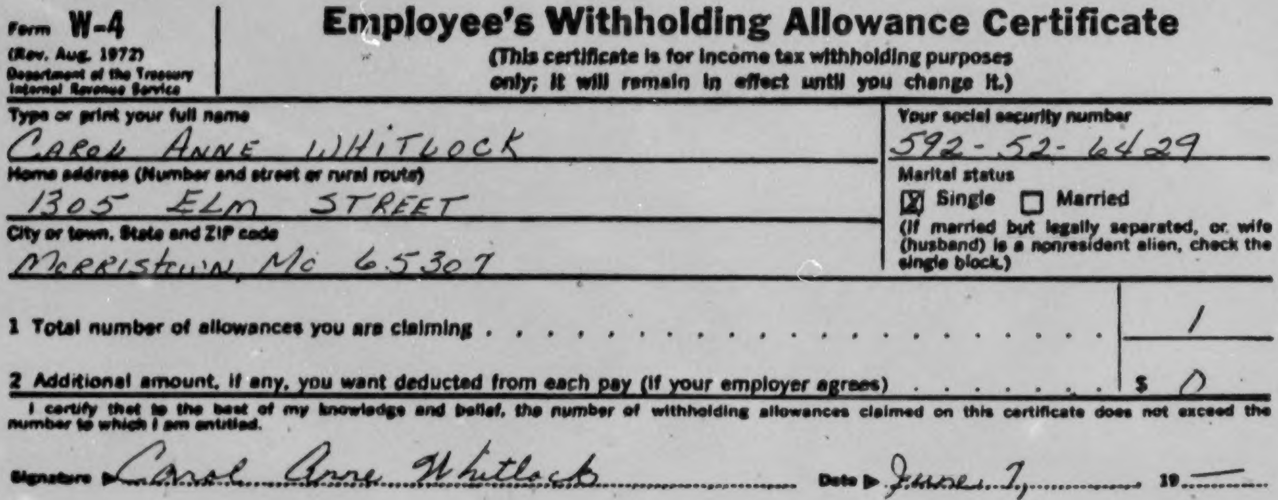
10. $47.07 $50.00 x 5.85% = $2.93
$50.00 - $14.40 = $35.60

On married chart $35.60 shows no tax withheld.

$50.00 - $2.93 = $47.07

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #2



Form **W-4**
(Rev. Aug. 1972)
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate
(This certificate is for income tax withholding purposes only; it will remain in effect until you change it.)

Type or print your full name: CAROL ANNE WHITLOCK

Your social security number: 592-52-6429

Home address (Number and street or rural route): 1305 ELM STREET

Marital status: ☒ Single ☐ Married

(If married but legally separated, or wife (husband) is a nonresident alien, check the single block.)

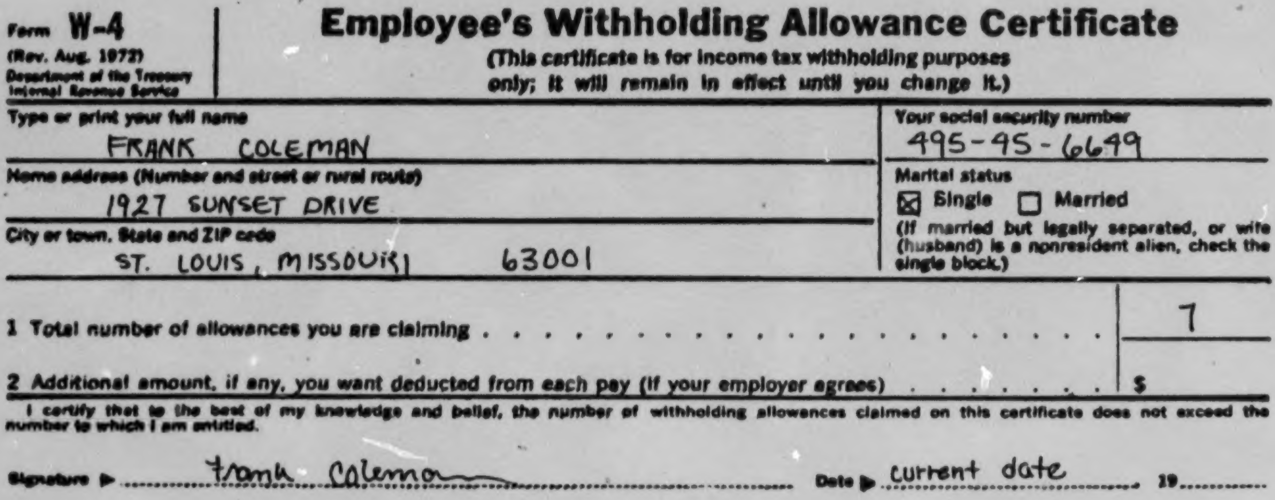
City or town, State and ZIP code: MORRISTOWN, MO 65307

1 Total number of allowances you are claiming 1

2 Additional amount, if any, you want deducted from each pay (if your employer agrees) . . . . $ 0

I certify that to the best of my knowledge and belief, the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled.

Signature ▶ Carol Anne Whitlock Date ▶ June 7, 19—



Form **W-4**
(Rev. Aug. 1972)
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate
(This certificate is for income tax withholding purposes only; it will remain in effect until you change it.)

Type or print your full name: FRANK COLEMAN

Your social security number: 495-95-6649

Home address (Number and street or rural route): 1927 SUNSET DRIVE

Marital status: ☒ Single ☐ Married

(If married but legally separated, or wife (husband) is a nonresident alien, check the single block.)

City or town, State and ZIP code: ST. LOUIS, MISSOURI 63001

1 Total number of allowances you are claiming 7

2 Additional amount, if any, you want deducted from each pay (if your employer agrees) . . . . $

I certify that to the best of my knowledge and belief, the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled.

Signature ▶ Frank Coleman Date ▶ current date 19

ASSIGNMENT SHEET #2 continued

Form **W-4E**
Department of the Treasury
Internal Revenue Service

Exemption From Withholding
(of Federal Income Tax)
For use by employees who incurred no tax liability in 197 and anticipate no tax liability for 197

1978

Type or print full name Simon Marcos	Social Security Number ———	Expiration date (see instructions and enter date) April 30, 19—

Home address (Number and Street)
4020 Bass Avenue Apt. #110

City, State, and ZIP Code
Columbia, Mo. 65201

Employee.—File this certificate with your employer. Otherwise he must withhold Federal income tax from your wages.

Employer.—Keep this certificate with your records. This certificate may be used instead of Form W-4 by those employees qualified to claim the exemption.

Employee's certification.—Under penalties of perjury, I certify that I incurred no liability for Federal income tax for 197 and that I anticipate that I will incur no liability for Federal income tax for 197

Simon Marcos
(Signature)

Oct. 4, 19—
(Date)

ASSIGNMENT SHEET #3

1. Yes
2. No
3. Yes
4. Yes
5. Yes
6. No
7. No
8. Yes
9. Yes
10. Yes
11. No
12. No
13. Yes
14. Yes
15. Yes
16. Yes
17. Yes
18. Yes

Assignment Sheet #4

Form 1040A

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1977**

Use IRS label. Otherwise, print or type.

First name and initial (if joint return, give first names and initials of both): Terry
Last name: Allen
Your social security number: 498 34 1120
Present home address (Number and street, including apartment number, or rural route): 414 West 50th Street
For Privacy Act Notice, see page 9 of Instructions.
Spouse's social security no.
City, town or post office, State and ZIP code: Kansas City, Mo. 64113
Occupation: Yours ▶ Bookkeeper
Spouse's ▶

Presidential Election Campaign Fund ▶ Do you want $1 to go to this fund? ✓ Yes ☐ No
If joint return, does your spouse want $1 to go to this fund? ☐ Yes ☐ No
Note: *Checking "Yes" will not increase your tax or reduce your refund.*

Filing Status

Check Only One Box

1 ☑ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separately. If spouse is also filing, give spouse's social security number in the space above and enter full name here ▶
4 ☐ Unmarried Head of Household. Enter qualifying name ▶ See page 6 of Instructions.

Exemptions

Always check the "Yourself" box. Check other boxes if they apply.

5a ☑ Yourself ☐ 65 or over ☐ Blind
b ☐ Spouse ☐ 65 or over ☐ Blind
Enter number of boxes checked on 5a and b ▶ 1
c First names of your dependent children who lived with you ▶
Enter number of children listed ▶

d Other dependents: (1) Name	(2) Relationship	(3) Number of months lived in your home.	(4) Did dependent have income of $750 or more?	(5) Did you provide more than one-half of dependent's support?
—None—				

Enter number of other dependents ▶
6 Total number of exemptions claimed .... Add numbers entered in boxes above ▶ 1

Please Attach Copy B of Forms W-2 Here

7 Wages, salaries, tips, and other employee compensation. (Attach Forms W-2. If unavailable, see page 11 of Instructions)	7	7800	—
8 Interest income (see page 4 of Instructions)	8	10	—
9a Dividends 100 — 9b Less exclusion 100 — Balance ▶ (See pages 4 and 11 of Instructions)	9c	0	—
10 Adjusted gross income (add lines 7, 8, and 9c). If under $8,000, see page 2 of Instructions on "Earned Income Credit." If eligible, enter child's name ▶	10	7810	—

11a Credit for contributions to candidates for public office. Enter one-half of amount paid but do not enter more than $25 ($50 if joint return) 11a

IF YOU WANT IRS TO FIGURE YOUR TAX, PLEASE STOP HERE AND SIGN BELOW.

b Total Federal income tax withheld (if line 7 is larger than $16,500, see page 12 of Instructions) 11b 1200 00
c Earned income credit (from page 2 of Instructions) 11c

12 Total (add lines 11a, b, and c)	12	1200	00
13 Tax on the amount on line 10. (See Instructions for line 13 on page 12, then find your tax in Tax Tables on pages 14–25.)	13	979	00
14 If line 12 is larger than line 13, enter amount to be **REFUNDED TO YOU** ▶	14	221	00
15 If line 13 is larger than line 12, enter **BALANCE DUE.** Attach check or money order for full amount payable to "Internal Revenue Service." Write social security number on check or money order ▶	15		

Please Attach Check or Money Order Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign

▶ Terry Allen
Your signature Date

▶ Spouse's signature (if filing jointly, BOTH must sign even if only one had income)

▶ Terry Allen
Paid preparer's signature and identifying number (see instructions)

▶ Paid preparer's address (or employer's name, address, and identifying number)

☆ U.S. GOVERNMENT ... E : 1977—O-235-360

ASSIGNMENT SHEET #5

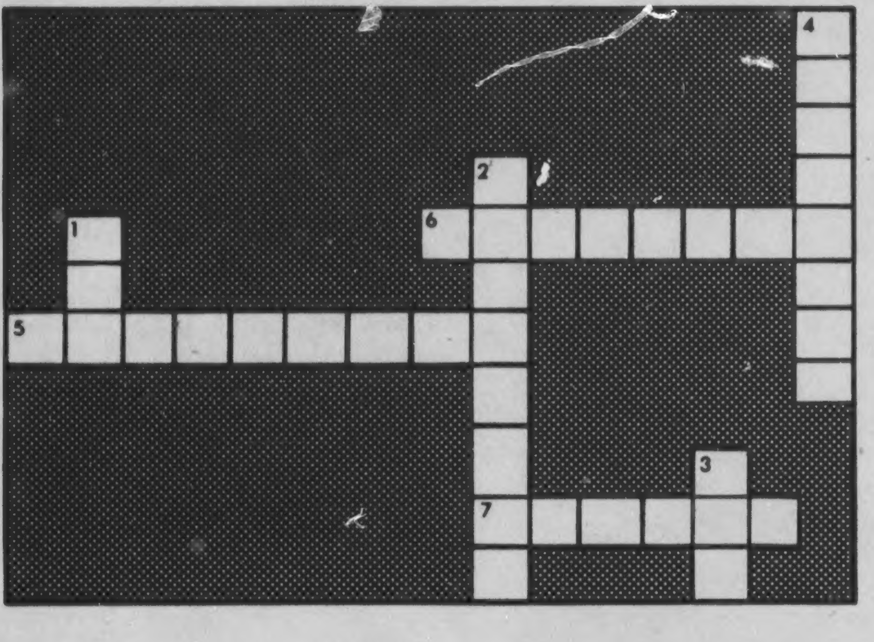
Completed to the satisfaction of the instructor.

Name ______________________________

YOUR TAXES
UNIT VIII

TEST

1. Fill in the crossword puzzle given below with the correct tax terms to match the clues.



DOWN

1. A compulsory charge by governments
2. A percentage-based type of tax form deduction
3. The federal agency that collects, administers and counsels on taxation
4. A supplemental, explanatory form attached to the basic Form 1040 or 1040A

ACROSS

5. A tax deduction for support of dependents
6. A detailed listing method of taking income tax deductions
7. A taxpayer files a federal tax____ on April 15

2. List the four dates on which payments are due for estimated tax installments.

   a.

   b.

   c.

   d.

3. Name four tax return supplemental schedules available (give both the title of the schedule and its letter code).

   a.

   b.

   c.

   d.

4. Explain what "income averaging" means in relation to taxation and give an example of a situation when a taxpayer might benefit by using this method.

5. Explain the difference between taking a standard deduction or an itemized deduction on a tax return.

6. How much would be deducted from each of the following paychecks for social security at the current deduction rate?

   a. $70 earnings

   b. $135 earnings

   c. $236 earnings

   d. $584 earnings

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Name ____________________

TEST

7. Which of the following is a generally approved tax deduction? Circle the correct letter.

   a. Personal property tax payments

   b. Driver's license fees

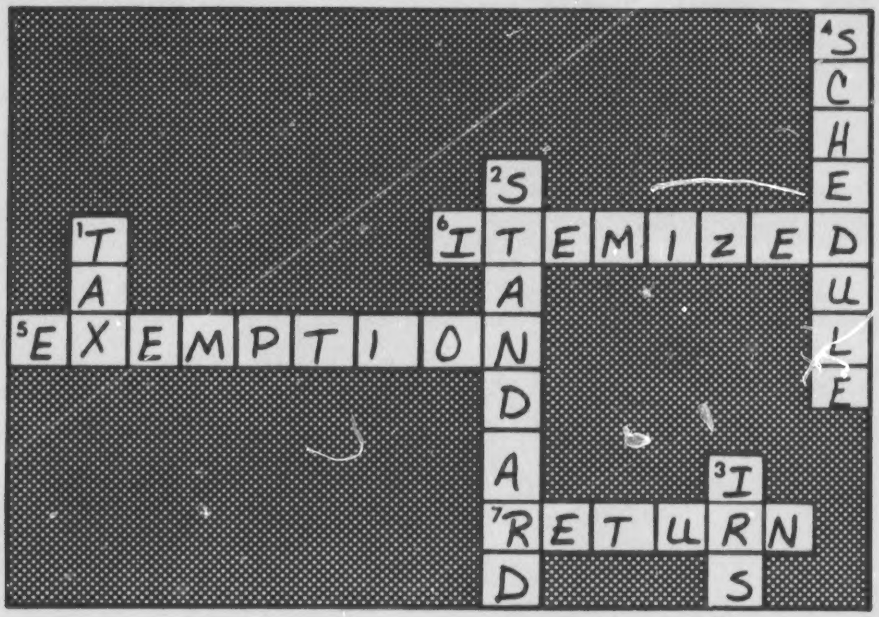
   c. Accidental losses of cash

   d. Clothing values donated to the Salvation Army

YOUR TAXES
UNIT VIII

ANSWERS TO TEST

1.



2. a. April 15
   b. June 15
   c. September 15
   d. January 15

3. (four suggestions)

   a. Schedule A & B: Itemized deductions/dividend and interest income
   b. Schedule D: Capital gains and losses
   c. Schedule E: Supplemental income
   d. Schedule G: Income averaging

4. It is a method for averaging yearly earnings totals for a 5-year period to help "level" out tax due payments. A person whose income drastically increases (such as a student who graduates and becomes fully employed) would probably benefit by using this method of figuring his or her taxable income because it would help pull the current year's (higher) income down into a lower tax bracket.

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5. If a taxpayer takes a standard deduction, he or she would simply take a percentage amount (usually 10%) from his or her annual income, not to exceed $2,000. But if an itemized deduction is taken, there is no limit and the taxpayer simply lists and accounts for each approved deduction from the year's income spending.

6. a. $4.10
   b. $7.90
   c. $13.81
   d. $34.16

7. a

YOUR SAVINGS AND INVESTMENTS
UNIT IX

UNIT OBJECTIVE

After completion of this unit, the student should be able to demonstrate a working knowledge of types, purchasing procedures and cost ranges of common kinds of savings methods and investments.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Match terms commonly associated with savings and investments to the correct definitions.
2. List two major types of saving accounts.
3. Distinguish between interest rates of commercial banks and savings and loan associations and also demonstrate the ability to compute interest payments.
4. Name three agencies that insure the safety of deposits.
5. List five common types of investments.
6. Compute broker's fees and rates of return on investments.
7. List four sources of financial advice.
8. List three sources used for analyzing investment reports.
9. Prepare a simulated individual investment program using the specified criteria.

YOUR SAVINGS AND INVESTMENTS
UNIT IX

SUGGESTED ACTIVITIES

I. Instructor:

   A. Provide students with objectives sheet (preceding page)

   B. Provide students with information sheets and assignment sheets

   C. Make transparencies

   D. Discuss objectives

   E. Discuss information sheets, assignment sheets and topics in content outline

   F. Give test

II. Student:

   A. Read objectives sheet

   B. Study information sheet

   C. Complete assignment sheets

   D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

   A. Objectives sheet

   B. Information sheets

      1. Terms

      2. Content topic outline

   C. Transparency masters

      1. TM-IX-1: Compute Your Savings and Investment Earnings!

      2. TM-IX-2: Growth of $3 a Day for . . .

3. TM-IX-3: Rates DO Make a Difference

4. TM-IX-4: "Bear" and "Bull" Markets

5. TM-IX-5: PFM Corporation Condensed Consolidated Statement of Earnings

6. TM-IX-6: Reading Stock Quotations

D. Assignment sheets

1. Assignment Sheet #1: Figuring Savings Growth

2. Assignment Sheet #2: Working Interest Problems

3. Assignment Sheet #3: Investment Computations

4. Assignment Sheet #4: Analyzing Statements of Earnings for Investments

5. Assignment Sheet #5: Preparing an Investment Portfolio

E. Answers to assignment sheets

F. Test

G. Answers to test

II. References:

A. Books

1. Engel, Louis. *How to Buy Stocks*, 3rd edition. New York: Gotam Books, 1967.

2. Friend, Blume and Crockett. *Mutual Funds and Other Institutional Investors: A New Perspective.* New York: McGraw-Hill Book Company, Inc.

3. Hastings, Paul and Robert Mietus. *Personal Finance.* New York: McGraw-Hill Book Company, Inc., 1972.

4. Lewis, Harry. *Mathematics for Daily Living.* New York: McCormick-Mathers Publishing Company/Litton Educational Publishing, Inc., 1975.

5. Porter, Sylvia. *Sylvia Porter's Money Book,* Vols. I and II. New York: Doubleday, Inc., 1975.

6. Smith, Carlton and Richard Pratt. *The Time-Life Book of Family Finance.* Time, Inc., 1970.

B. Booklets

1. New York Stock Exchange, School and College Relations, 11 Wall Street, New York, New York 10005.

   a. *How to Invest on a Budget*
   b. *Portfolio of Teaching Aids* (Use school stationery when ordering)
   c. *The Language of Investing: A Glossary*
   d. *You and the Investment World*

2. *How to Invest Wisely.* American Institute for Economic Research, Great Barrington, Massachusetts.

3. *Instructional Material for Classroom Use*--Free (bonds) The Department of the Treasury, U. S. Savings Bond Division, Washington, DC 20226.

4. *Money Management, Your Savings and Investment Dollar, Your Guide for Teaching Money Management.* Household Finance Corporation, Money Management Institute, Prudential Plaza, Chicago, Illinois 60601.

5. *Fact Book.* Investment Company Institute, 61 Broadway, New York, New York 10006.

6. *How to Invest.* Merrill Lynch, Pierce, Fenner and Smith, Inc., 70 Pine Street, New York, New York 10005.

7. *Kiplinger Family Buying Guide.* Prentice-Hall, Inc., Englewood Cliffs, New Jersey 07632.

C. Curriculum guides

1. Napier, Deedee Stocker. *Personal Finance.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia.

2. Napier, Deedee Stocker. *Business Administration.* Columbia, Missouri: Instructional Materials Laboratory, University of Missouri-Columbia.

D. Films and filmstrips

1. Sterling Movies, Inc., 43 West 61 St., New York, New York 10023.

   a. *How to Invest and Why*
   b. *The Share Owner*
   c. *Of Mutual Interest*
   d. *How Stocks are Bought and Sold*

2. Modern Talking Picture Service, 3718 Broadway, Kansas City, Missouri 64111.

    a. *The Lady and the Stock Exchange*
    b. *What Makes Us Tick*
    c. *Market in Motion*

3. Merrill Lynch, Pierce, Fenner and Smith, Inc., 70 Pine St., New York, New York 10005.

    a. *How to Invest in Stocks and Bonds*
    b. *What Everybody Ought to Know About This Stock and Bond Business*

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YOUR SAVINGS AND INVESTMENTS
UNIT IX

UNIT NOTES TO THE TEACHER

An introductory activity for this unit might be to have students list their ideas of what the "top ten" common stocks are in terms of volume and popularity. Then, the discussion could take off on what makes the "top ten" good investments and the merits of individual small-scale investing in general. Unit IV in the *Personal Finance* guide (distributed through the Instructional Materials Laboratory, University of Missouri-Columbia) would be a good supplemental source of learning activity on investments. There are also many excellent free booklets and teaching aids available from the Educational Services Department of the New York Stock Exchange, 11 Wall Street, New York, NY 10005.

ASSIGNMENT SHEET #2

The completion of part of this assignment requires the use of the compound interest earnings table found on Transparency Master TM-IX-3. Problem #8 of the activity might bring up the question of why uninsured savings and loan associations often pay a higher rate of interest on deposits and the risk taken by their depositors in return for the higher rates.

ASSIGNMENT SHEET #3

As students work the computations (which once again involve multiplying and changing percentages to decimals), have them ask the question that each investor needs to decide, "Is the rate of return on the stock investment better than what the investment money would earn if deposited in an interest-earning savings account?" Also, "Is it better than the rate of inflation and taxation?" This assignment might also be a good place to introduce students to the stock quotation page of a newspaper.

ASSIGNMENT SHEET #4

This learning activity is correlated with Transparency Master TM-IX-5, which may be projected during the assignment's completion (either orally or on paper) or duplicated as a student handout.

YOUR SAVINGS AND INVESTMENTS
UNIT IX

INFORMATION SHEET

Related Materials

I. Terms and definitions

A. Compound interest--A method of computing interest which yields somewhat higher earnings because previous interest earnings are added to the principal to be used as the base figure for percentage increases. For example: $100 saved and compounded quarterly (four times a year) at 5% would give a total of $105.10 at the end of a year:

1.25% of $100.00 = $1.25 (1st quarter)
1.25% of $101.25 = $1.27 (2nd quarter)
1.25% of $102.52 = $1.28 (3rd quarter)
1.25% of $103.80 = $1.30 (4th quarter)

A simple 5% of $100 which is not compounded would give $105 at the end of a year.

B. Interest--"Rent" payments for the use of another's money.

C. Keogh Act pension--(Self-Employed Individuals Tax Retirement Act of 1962, amended)--A privilege whereby a self-employed person may set aside up to $7,500 or 15% of earnings per year for retirement and deduct this amount from taxable income.

D. Liquidity--The degree or speed with which a person (or company) can turn his or her assets into cash.

E. Mutual fund--A type of stock whereby the money invested in shares is used by the mutual company managers to buy stocks and bonds in other corporations, often called an investing company. Two types are:

1. "Closed-end" or "load" funds--Mutual funds on which the customer is charged a commission when he or she purchases fund shares.
2. "Open-end" fund--A type of mutual fund which grants customers the right to buy into or out of the investment company at any time.

	Related Materials
F. Principal--The capital or beginning sum.	
G. Savings--The amount of income remaining after necessary expenditures which can be used for investments.	
II. Savings accounts	TM-IX-1 Assign. #1
A. Passbook	
B. Time deposits	
III. Interest payments	TM-IX-2
A. Which pays more?	
1. Commercial banks	
2. Savings and loan companies	
B. Compounding method	Assign. #2
C. Hidden charges	TM-IX-3
IV. Safety of deposits	
A. FDIC (Federal Deposit Insurance Corp.)	
B. FSLIC (Federal Savings and Loan Insurance Corp.)	
C. National Credit Union Administration	
V. Types of investments	
A. Stocks	
1. Common	
2. Preferred	
3. Growth	
4. Income	
B. Bonds	
1. Government	
2. Municipal	
3. Corporate	
4. Foreign	

INFORMATION SHEET

	Related Materials
C. Mutual funds	
1. Open-end	
2. Closed-end (loads)	
3. Balanced	
4. Growth	
D. Stock options	
E. Commodities	
VI. Methods of computing investment fees	Assign. #3
A. Broker's fees	
B. Rates of return	
VII. Sources of financial advice	TM-IX-4
A. Brokerage services	
B. Periodicals	
C. Books	
D. Advisory services	
VIII. Analyzing investment reports	Assign. #4
A. Newspaper financial pages	TM-IX-5 TM-IX-6
B. Ticker tape	
C. Prospectus	
IX. Preparation of individual investment programs	Assign. #5
A. Criteria affecting program design	
1. Personal goals	
2. Financial situation	
3. Current market value	
4. Liquidity	
5. Overall economic conditions	

Related
Materials

B. Tax-shelter plans

  1. Keogh Act pensions

  2. Annuities

COMPUTE YOUR SAVINGS AND INVESTMENT EARNINGS!

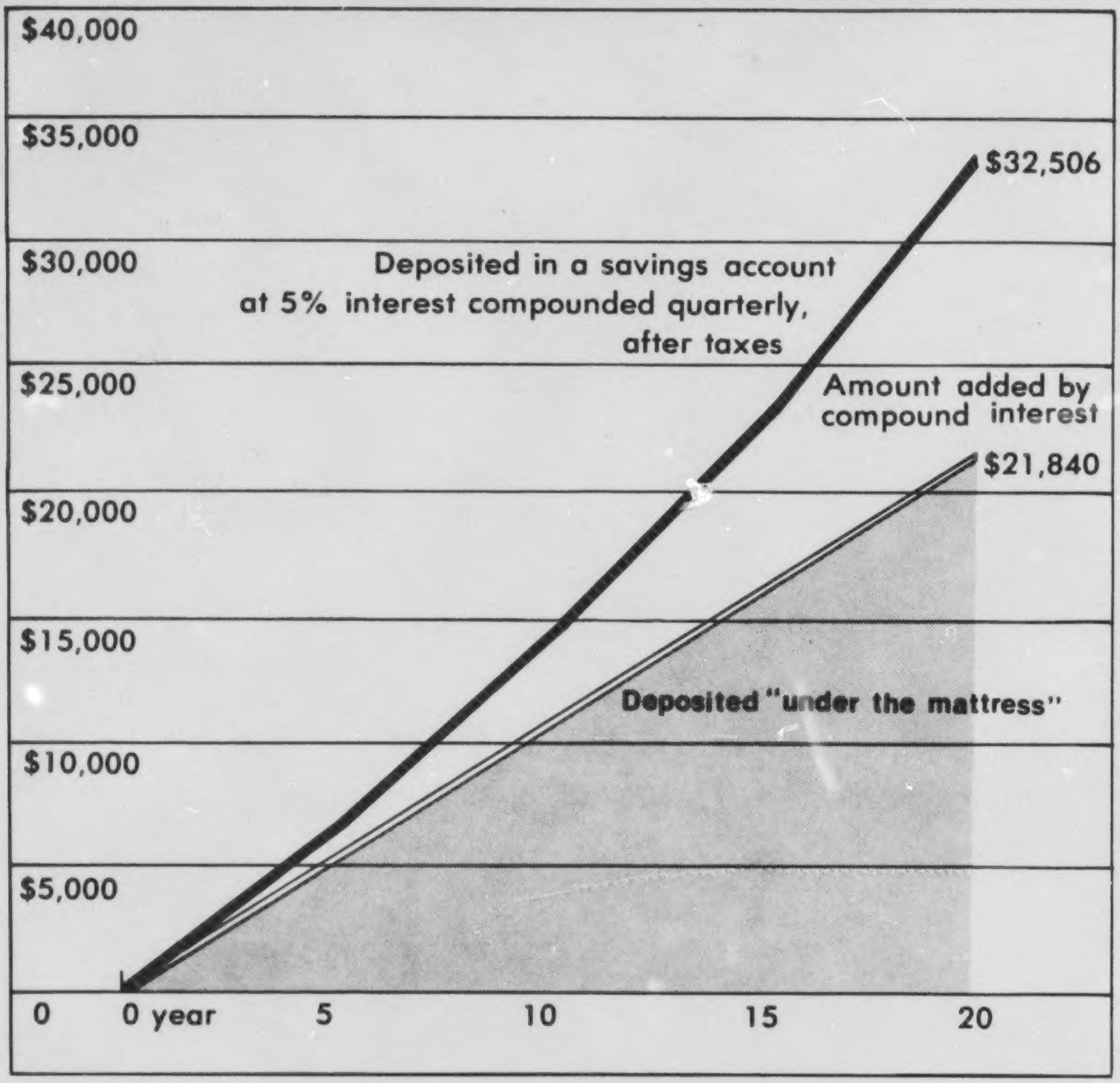
INTEREST = PRINCIPAL x RATE x TIME

$$\boxed{I = PRT}$$

RATE OF RETURN = DIVIDENDS ÷ PRINCIPAL

$$\boxed{R \text{ of } R = \frac{D}{P}}$$

GROWTH OF $3. A DAY FOR 20 YEARS IN A BANK VS. "UNDER THE MATTRESS"



TM - IX - 3

Rates **DO** Make a Difference

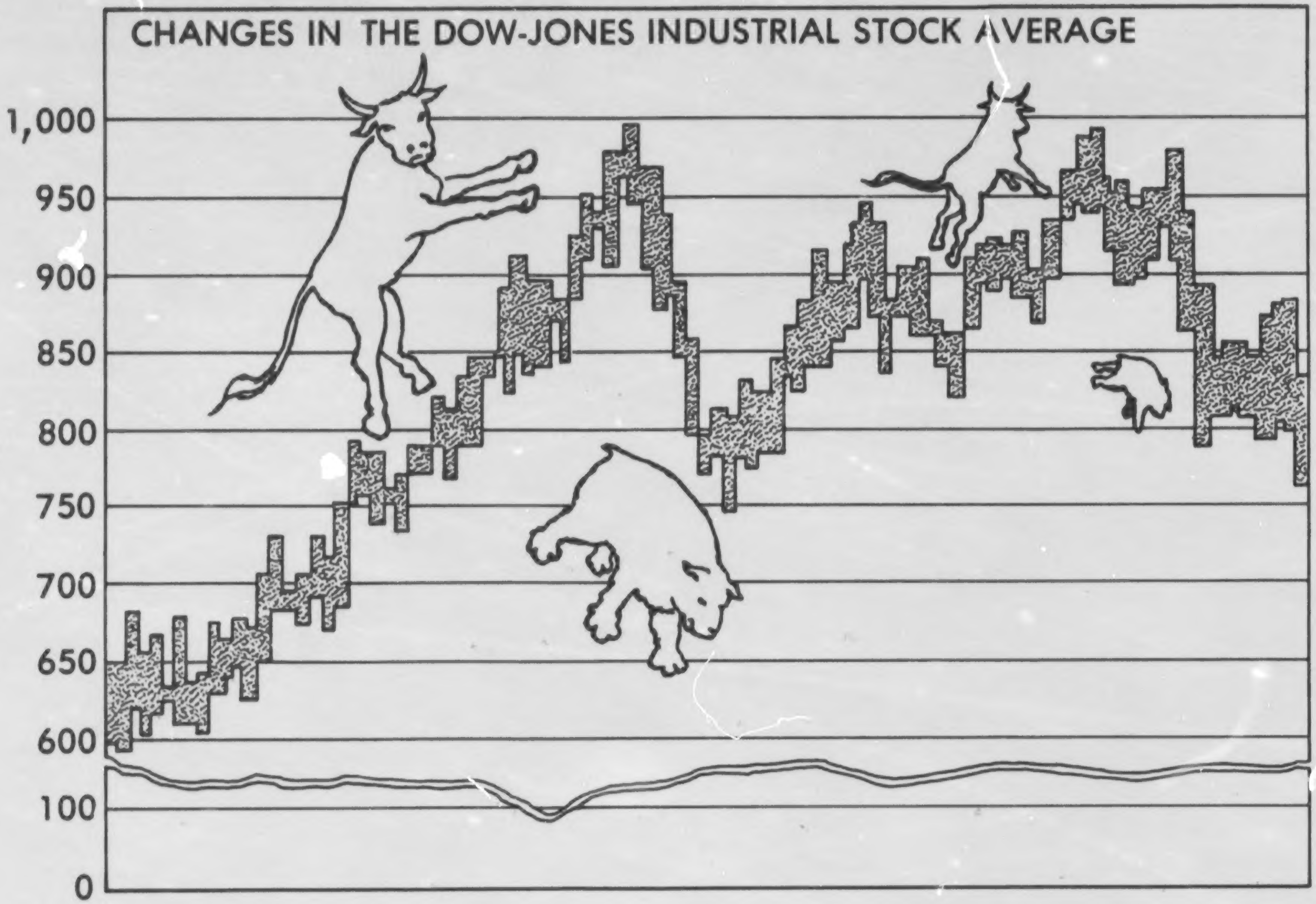
INTEREST RATE:

YEARS $1,000 IS ON DEPOSIT	AMOUNT OF INTEREST ACCUMULATED WHEN THE RATE IS: 4 percent	5 percent
1	$40.60	$50.94
5	$220.19	$282.04
10	$488.86	$643.62

COMPOUNDING RATES:

YEARS $1,000 IS ON DEPOSITS	INTEREST ACCUMULATED WHEN COMPOUNDING IS:			
	Annual	Semiannual	Quarterly	Monthly
1	$50.00	$50.62	$50.94	$51.16
5	$276.28	$280.08	$282.04	$283.36
10	$628.89	$638.62	$643.62	$647.01

"BEAR" and "BULL" Markets



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TM - IX - 4

TM - IX - 5

PFM CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS

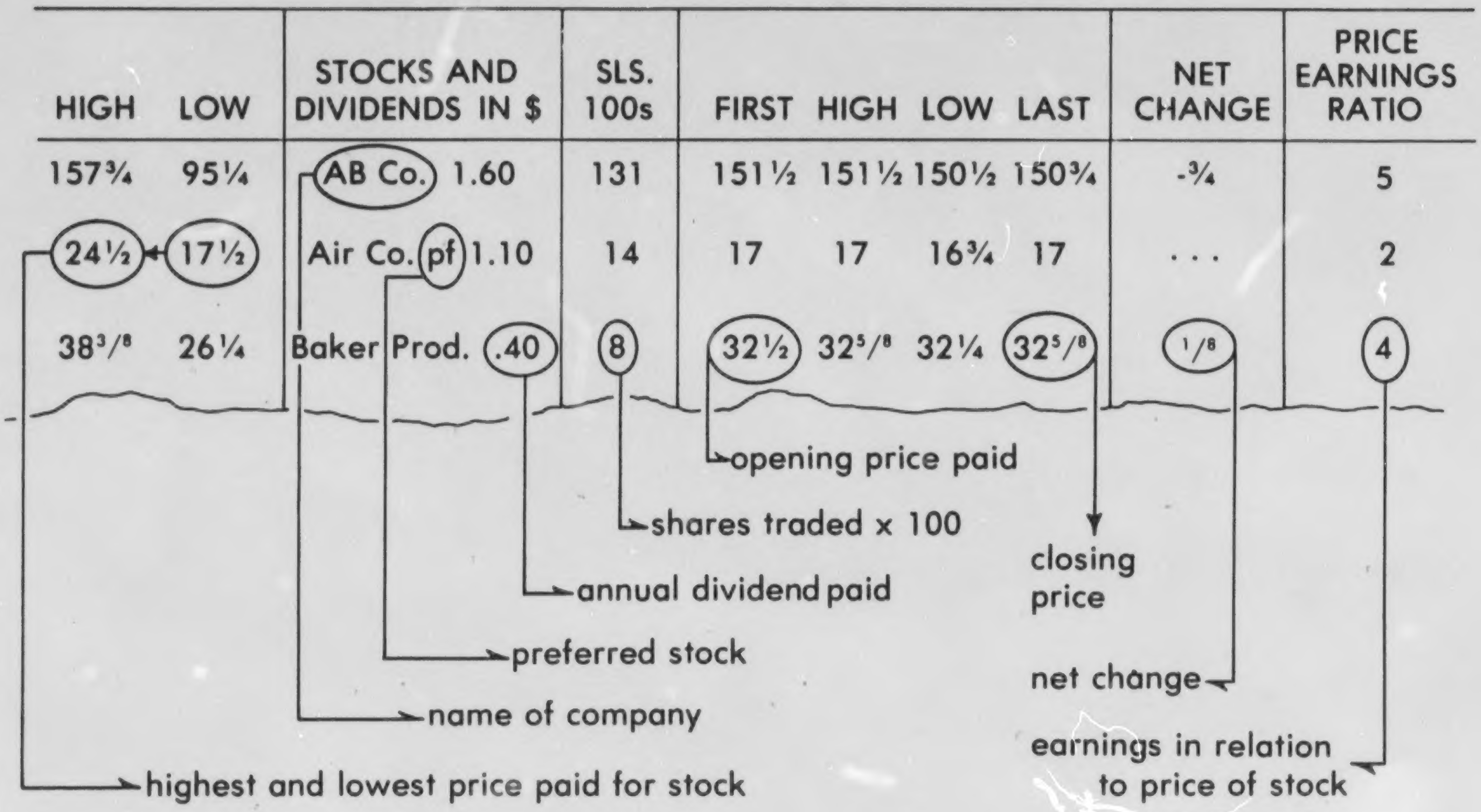
(Unaudited)

	Six Months Ended March 31,		Three Months Ended March 31,	
	1977	1976	1977	1976
	amounts in thousands, except per share amounts			
Gross Operating Revenues	$592,551	$539,321	$310,523	$279,900
Equity in Earnings (Loss) of Unconsolidated Investments	(1,779)	3,837	3,384	1,807
Other Income	5,762	2,276	3,574	1,596
	596,534	545,434	317,481	283,303
Costs of Sales and Operating Expenses	544,976	490,163	288,770	254,285
Other Expenses	33,817	28,829	17,383	13,764
	578,793	518,992	306,153	268,049
Earnings Before Income Taxes	17,741	26,442	11,328	15,254
Provision for Taxes on Income	12,896	15,205	5,333	8,808
Net Earnings	4,845	11,237	5,995	6,446
Preferred Dividend Requirements	4,819	2,550	2,407	2,414
Net Earnings Applicable to Common Stock	$ 26	$ 8,687	$ 3,588	$ 4,032
Common and Common Equivalent Shares Outstanding (Weighted Average):				
Primary	12,279	10,667	12,300	10,849
Fully Diluted	12,279	16,248	13,410	12,253
Net Earnings per Common and Common Equivalent Share:				
Primary (1)	$ --	$ .81	$ .29	$ .37
Fully Diluted (2)	$ --	$ .70	$ .27	$ .34

(1) After adjustment for dividends paid to preferred stockholders.

(2) Assumes all preferred stock and convertible debentures converted to common stock at the beginning of the period except where anti-dilutive.

READING STOCK QUOTATIONS



HIGH	LOW	STOCKS AND DIVIDENDS IN $	SLS. 100s	FIRST	HIGH	LOW	LAST	NET CHANGE	PRICE EARNINGS RATIO
157¾	95¼	AB Co. 1.60	131	151½	151½	150½	150¾	-¾	5
24½	17½	Air Co. pf 1.10	14	17	17	16¾	17	. . .	2
38 3/8	26¼	Baker Prod. .40	8	32½	32 5/8	32¼	32 5/8	1/8	4

opening price paid

shares traded x 100

annual dividend paid

preferred stock

name of company

highest and lowest price paid for stock

closing price

net change

earnings in relation to price of stock

Name ______________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ASSIGNMENT SHEET #1: FIGURING SAVINGS GROWTH

Directions: Small amounts of money saved regularly add up to impressive sums. In the problems below, compute the amounts saved for each situation and place your answers in the blanks to the left.

__________ 1. Save 25¢ a week for a year and keep it in a piggy bank.

__________ 2. Thirty dollars a month for a year saved in a savings account earning 6% compounded annually.

__________ 3. Thirty cents a day for a year stuffed in an old sock.

__________ 4. Depositing $5 per month per year in a 5% passbook savings account compounded semi-annually.

__________ 5. Eight percent interest earned on a $400 savings bond for 3 years.

__________ 6. Allowance of $2.50 saved each week for one year and placed under the mattress in the bedroom.

__________ 7. Same amount as in above (#6) but placed in bank savings account at 4½% for 1 year.

__________ 8. One dollar a day for 2 years placed in a credit union earning 10% interest.

__________ 9. Five percent annual interest on a $550 account for 7 years.

__________10. A penny a day saved in an old mayonnaise jar for 10 years.

Name ______________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ASSIGNMENT SHEET #2: WORKING INTEREST PROBLEMS

Directions: Using the interest formula - Interest is principal x rate x time (I = P x R x T) or the compounded interest table on Transparency Master TM-IX-3, find answers to the following problems:

1. Carol deposited $600 in a savings account earning an annual interest of 5%. How much interest will she earn during the year on her deposit?

2. Find how much interest Allen would make on $4,000 at 4% annually for two years.

3. Figure the amount of interest Joe would earn at the end of four months on a $700 time deposit earning 6%.

4. What is the interest for 6 months at 2½% on $650?

5. Find the interest in each of the following:

	Principal	Rate	Time	Interest
a.	$3,250	5%	1 year	$______
b.	$5,000	5.6%	1 year	$______
c.	$ 400	4%	6 months	$______
d.	$2,112	5¼%	3 months	$______

6. Marsha Benton inherited $10,000 from her grandfather. She placed the money in a savings and loan company which gave interest at 8% compounded semi-annually. How much had her deposit earned at the end of two years?

7. Andy earned $400 from his summer job. He placed it in his "interest-earning" checking account and didn't "touch" it for a period of two years. The account earned interest at a rate of 3% compounded semi-annually. At the end of two years, how much interest had Andy's money "earned"?

8. Frances is thinking about depositing $100 in an uninsured savings and loan company that is offering a fantastic 12% interest compounded quarterly. What is the amount she could earn on her money if she deposited the money for only one year?

9. Interest is compounded quarterly at the Smith's Station National Bank and Trust Company. If the annual interest rate is 6%, how much will $1 "grow" by the end of 5 years?

10. Using the compounded interest tables, find how much $1 will be worth if it is deposited in the following accounts:

	Interest Rate	Years	Compound Payments Per Year	Value of $1
a.	7%	24	1	$__________
b.	2%	1	12	$__________
c.	16%	3	4	$__________
d.	8%	9	2	$__________

Name ____________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ASSIGNMENT SHEET #3: INVESTMENT COMPUTATIONS

PART ONE: The rate of return an investor receives on his or her investment is similar to the interest rate a depositor receives on a saving account. To find the rate of return, divide the dividend paid by the principal or amount invested:

$$R = D \div P$$

1. Rick Tucker purchased 100 shares of common stock from his uncle's manufacturing firm. The firm paid dividends last year of $1,701 and each share cost him $28. What is Rick's rate of return on his investment? ________%

2. Terry owns 28 shares of stock in the National Life Insurance Company. She just received a dividend check for $28. The par value of the stock is 17½. What is her rate of return? __________%

3. Margaret and Jim Stevens want to purchase some stock that has a rate of return higher than what they would receive by depositing their investment in an interest-earning savings account paying 6% - 8%. Their neighbor is recommending an investment in common stock in the Alstar Aluminum Corporation, which last year paid dividends of $2 per share. The current closing market value of the stock is $15.25. Would this investment give a return of more than 8%? __________ If so, what is the rate of return? __________%

4. Don works at a furniture store and has just been given the option to purchase common stock in the small corporation. The stock is selling for 14 3/8 ($14.375) and he knows that last year the dividend was $ .25 per share paid quarterly. What was the annual rate of return on the stock? __________%

PART TWO: The fees charged by stock brokers for completing buy or sell transactions for the investor are usually figured as a set percentage of the stock's value at the time of the transaction. The percentage rates generally range from as low as ½% on large transactions to highs of 9%. Brokers' fees, however, are still considered a nominal expense and do not affect the computation of the rate of return on investments (as in PART ONE).

To find the amount to be charged, take the quoted percentage charge rate and multiply it by the value cost of the transaction (number of shares x market value).

1. Approximately how much money would Marie Benton pay per broker to sell 50 shares of ABC Company Stock quoted at 42 3/8 per share if the broker's percentage was 2%? $__________

2. George wants to purchase 100 shares of Texas Oil Corporation common stock selling at $20 per share. His brokerage fee on the purchase would be computed at 4% or an amount of $__________

3. Fred is losing money on the stock of FABCO, Inc. He owns 1200 shares and he purchased the stock at $35. The current market value has dropped to $15 per share and his brokerage fee would be 2% of the sale, or $__________

4. Determine the approximate fees paid to brokers on the following transactions:

	Number Shares	Price	Fee Rate	Fee
a.	100	10	2%	$__________
b.	100	350	½%	$__________
c.	1000	14¼	5%	$__________
d.	1000	31½	3½%	$__________

Name ______________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ASSIGNMENT SHEET #4: ANALYZING STATEMENTS OF EARNINGS FOR INVESTMENTS

Directions: Using the sample statement of earnings found on Transparency Master TM-IX-5, assume that you are a potential investor and answer the following analysis questions:

1. What would be one of the first items on the statement that a possible investor would look at?

2. What are a few other headings and figures in which you would be interested?

3. In general, was the year 1977 a financially better year for the company than the previous year? ______ What facts lead to your conclusion?

4. Did more people invest in the company during 1977? ______ How can you tell?

5. In your opinion, would a wise investor "buy into" PFM? ______ Why or why not? (Be specific.)

Name ______________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ASSIGNMENT SHEET #5: PREPARING AN INVESTMENT PORTFOLIO

Directions: Assuming that you have been given $50,000 (tax free), you are to design an investment plan for the money. Investments may be either in the form of stocks (common or preferred), bonds, mutual funds, commodities or developmental property. All investments must be those actually listed on an exchange at their current market value or advertised for sale by an authorized agent. Assume that the broker's fees for any stock purchased are 6% for less than 100 shares or 2% for purchases exceeding 100 shares. Mutual funds are to be closed-end types and realtor's commissions for any land purchases are 7% of the total.

Decide how you will invest your $50,000. Then complete an investment order for each separate "transaction/investment." Use actual figures, addresses, names and current dates.

INVESTMENT ORDER

Your Name: ______________________________ Transaction Date: ______

Type Investment:

Stock ___Preferred Bond___ Mutual Fund___ Land ___

___Common

Amount of Investment: $_____ Amount of Purchase Fees: $________

Owner's Name: ___________________________

Broker fees___________ Rate __________%

Commission ___________ Rate __________%

Where did you learn about its availability?

Newspaper___; Magazine___; TV___; Radio___; Word of mouth___

How much money do you expect to make from this investment? (Stock rate of return, resale, inflationary value increases, etc.)

$_________ in ___________ years.

What factors could cause you to lose money on this investment?

Why did you decide to purchase this type of investment?

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #1

1. $13.00
2. $381.60
3. $109.50
4. $64.58
5. $96.00
6. $130.00
7. $135.85
8. $843.15
9. $773.92
10. $36.50

ASSIGNMENT SHEET #2

1. $30 = $600 x .05 x 1
2. $320 = $4000 x .04 x 2
3. $14 $= \frac{\$700}{1} \times \frac{6}{100} \times 1/3$
4. $8.13 = $650 x .025 x .5
5. a. $162.50
   b. $280.00
   c. $ 8.00
   d. $ 27.72
6. $1698.59 8% ÷ 2 = 4% semi-annual

($10,000.00 x .04) = $ 400.00 interest on 1st 1/2 year
($10,400.00 x .04) = $ 416.00 interest on 2nd 1/2 year
($10,816.00 x .04) = $ 432.64 interest on 3rd 1/2 year
($11,248.64 x .04) = $ 449.95 interest on 4th 1/2 year
$1,698.59 interest earned

ASSIGNMENT SHEET #2 continued

7. $24.54 .03 ÷ 2 = .015 rate on 1/2 year.
$400.00 x .015 = $ 6.00 for 1st 1/2 year
$406.00 x .015 = $ 6.09 for 2nd 1/2 year
$412.09 x .015 = $ 6.18 for 3rd 1/2 year
$418.27 x .015 = $ 6.27 for 4th 1/2 year
$24.54 Total interest earned

8. $12.55 12 ÷ 4 = .03 per quarter
$100.00 x .03 = $ 3.00 1st 1/4 year
$103.00 x .03 = $ 3.09 2nd 1/4 year
$106.09 x .03 = $ 3.18 3rd 1/4 year
$109.27 x .03 = $ 3.28 4th 1/4 year
$12.55 total interest earned

9. $1.35 Use table: .06 ÷ 4 = 1.5% quarterly for 20 quarters = $1.3469 or $1.35

10. a. $5.[illegible]7
b. $1.2[illegible]
c. $1.60
d. $2.03

ASSIGNMENT SHEET #3

PART ONE

1. 6.1% 1.70 ÷ $28 = .061

2. 5.71% 1.00 ÷ 17.50 = .175

3. Yes; 13.1% 2 ÷ 15.25 = .131

4. 14.4% 1.00 ÷ 14 375 = .1437 or .144

PART TWO

1. $42.38 50 x $42.375 = $2,118.75
.02 x $2,118.75 = $42.375

2. $80.00 100 x 20.00 = $2,000
.04 x 2,000 = $80.00

3. $360.00 1200 x 15.00 = $18,000
.02 x 18,000 = $360.00

4. a. $20 = .02 (10 x 100)
b. $175 = .005 ($350 x 100)
c. $712.50 = .05 ($14.25 x 1000)
d. $1,102.50 = .035 ($31.50 x 1000)

ANSWERS TO ASSIGNMENT SHEETS

ASSIGNMENT SHEET #4

1. Net earnings plus common stock share
2. Net earnings applicable to common stock, cost of sales and operating expenses
3. No. Operating expenses were up and net earnings were down.
4. No. There were more shares outstanding of common stock.

   There is a much larger outlay for dividend payments on preferred stock, so this might mean that more people purchased preferred stock. But very few people purchased common stock.
5. Answers will vary.

ASSIGNMENT SHEET #5

Completed to the satisfaction of the instructor.

Name ______________________________

YOUR SAVINGS AND INVESTMENTS
UNIT IX

TEST

1. Directions: Answer the question, "What type of investment media am I?" by filling in the blank at the end of the definition statement with one of the terms listed below:

Passbook
Time deposit account
Common stock
Preferred stock
FSLIC
Government bonds
Open-end fund
"Load" funds
Commodities
Keogh Act

a. "I have no guaranteed rate of return and my dividends are decided by my represented owners. What type am I?"

____

b. "Because of me, a self-employed worker can set aside up to $7,500 or 15% of his or her earnings for retirement. What type am I?" ______________________________

c. "You can't withdraw your investment until 30, 60 or 90 days are covered. What type am I?" ________________

d. "Make sure when you open a savings account that the company subscribes to me. What am I?" __________________

e. "A company is first required to give a set percentage of its declared earnings on me as dividends. What type am I?" ____

f. "Don't lose me, or you may not find it easy to deposit or withdraw money from a savings account! What am I?

____

g. "They used to sell a lot of me during World War II and I come in a series of issues. What type am I?" __________

____

h. "You pay a commission when you purchase my type of mutual funds. What type am I?" _________________________________

i. "I'm a type of mutual fund that lets you buy or sell me at any time. What type am I?" ___________________________

j. "I'm a risky "futures" of sugar, wheat or corn. What type am I?" ____

2. Why would an investor want to deposit money in a restricted withdrawal time account?

3. Which financial institution usually is more willing to pay higher interest rates on deposits, a commercial bank or a savings and loan association?

4. Define and spell out the abbreviation F.D.I.C. and explain its simple benefit to investors.

5. Why might investors want to put their savings in a mutual fund investment over buying common stock?

6. List four different types of stock available to investors.

   a.

   b.

   c.

   d.

7. List four different types of bond media.

   a.

   b.

   c.

   d.

TEST

8. Give the names of four different types of mutual funds.

   a.

   b.

   c.

   d.

9. Patty deposited $150 in a time deposit savings account earning 9% for each 90-day period of the "certificate." If she kept the money in the account for one year and it was compounded, how much total interest would she earn in one year? (Show all calculations!) $__________

10. Charles invested $1,200 in 100 shares of Gem stock ($121 per share), which last year paid a total of $1.10 a share in dividends. What is his rate of return? __________%

YOUR SAVINGS AND INVESTMENTS
UNIT IX

ANSWERS TO TEST

1. a. Common stock
   b. Keogh Act
   c. Time deposit account
   d. FSLIC
   e. Preferred stock
   f. Passbook
   g. Government bonds
   h. "Load" funds
   i. Open-end fund
   j. Commodities

2. Because they normally earn a larger rate of interest.

3. Savings and loan association

4. F.D.I.C. (Federal Deposit Insurance Corporation) is an insurance company whose member commercial banks have their deposits insured against fire, theft, insolvency, etc., up to a certain amount (usually $40,000). This gives the investor protection against losing his or her deposited money in case of catastrophe.

5. Because of the diversity of different stocks (reflecting different managements and market reactions). By not "putting all the eggs in one basket," the mutual funds investor can have his or her mutual fund "portfolio" managed professionally to give the best capital growth through the company's buying and selling of stock within the fund.

6. a. Common
   b. Preferred
   c. Growth
   d. Income

7. a. Government
   b. Municipal
   c. Corporate
   d. Foreign

8. a. Open-end
   b. Closed-end "load"
   c. Balanced
   d. Growth

9. $61.74 I = PRT

90 days = 3 months = 1/4 year
$150.00 x .09 = $ 13.50 interest 1st quarter
$163.50 x .09 = $ 14.72 interest 2nd quarter
$178.22 x .09 = $ 16.04 interest 3rd quarter
$194.26 x .09 = $ 17.48 interest 4th quarter
$ 61.74 interest for one year

10. 9.2% R of R = D ÷ P

$$.0916 = \frac{1.10}{12.00}$$

.092 x 100 = 9.2% rounded (or 9.16)

YOUR LEISURE TIME
UNIT X

UNIT OBJECTIVE

After completion of this unit, the student should be able to discuss various activities with regard to cost, popularity and time expenditures.

SPECIFIC OBJECTIVES

More specifically, the student should be able to:

1. Define terms commonly associated with travel.
2. Complete a leisure time spending journal for a period of one week and then analyze it for efficient time and money expenditures.
3. Compare the cost of various leisure time sport activities with regard to equipment, facilities and lessons.
4. Discuss three ways you can gain financially from leisure activities.
5. List volunteer needs and agencies in your community to which high school students could donate their time.
6. Discuss expenses involved in long distance travel, including costs of meals, lodging and various modes of transportation.
7. Demonstrate the ability to:
    a. Complete a rental car application.
    b. Budget and plan travel and activities for a one-week vacation.

YOUR LEISURE TIME
UNIT X

SUGGESTED ACTIVITIES

I. Instructor:

   A. Provide students with objectives sheet (preceding page)

   B. Provide students with information sheets and assignment sheets

   C. Make transparencies

   D. Discuss objectives

   E. Discuss information sheets, assignment sheets and topics in content outline

   F. Give test

II. Student:

   A. Read objectives sheet

   B. Study information sheet

   C. Complete assignment sheets

   D. Take test

INSTRUCTIONAL MATERIALS

I. Included in this unit:

   A. Objectives sheet

   B. Information sheets

      1. Terms

      2. Content topic outline

   C. Transparency masters

      1. TM-X-1: How Many People . . .

      2. TM-X-2: "Classy" Hobbies in the United States

3. TM-X-3: Popular Hobbies
4. TM-X-4: Be Wise! Be Cautious!
5. TM-X-5: When Flying--Don't Pack to Check Through . . .
6. TM-X-6: Types of Airline Fares
7. TM-X-7: Pinpointing Our National Parks

D. Assignment sheets

1. Assignment Sheet #1: Leisure Time Spending Journal
2. Assignment Sheet #2: Sport Recreation Requirements
3. Assignment Sheet #3: Research Cost Analysis for "Do-it-Yourselfers"
4. Assignment Sheet #4: Complete a Rental Car Application
5. Assignment Sheet #5: Planning a Vacation

E. Test

F. Answers to test

II. References:

A. Books

1. Crocker, Betty. *More for Your Money*. New York: Western Publishing Company, Inc., Bantam Books, 1976.
2. Porter, Sylvia. *Sylvia Porter's Money Book*, Vol. I. New York: Doubleday and Company, Inc., 1975.

B. Booklet

Air Travelers' Fly-Rights, 3rd revised edition. Civil Aeronautics Board, February 1976, Washington, DC 20428 #1976-0-213-355.

C. Films

1. *Transportation by Ship*. 16 mm. 11 minutes. Color #D0680, Mid-Continent Public Library, 15616 E. Highway 24, Independence, MO 64050. Rental Fee $3.

2. Rent from: Academic Support Center, Film Library Scheduling, 505 E. Stewart Road, University of Missouri-Columbia, Columbia, MO 65211. (314/882-3601)

    a. *Transportation: Footpath to Air Lane*
    b. *Transportation Around the World*
    c. *Trip from Chicago*

D. Magazines

1. *Mainliner.* United Airlines, June 1977, Chicago, IL.

2. *U. S. News and World Report*

    a. "People are Shelling Out More Than Ever for a Good Time" February 21, 1977.
    b. "How Americans Pursue Happiness" May 23, 1977.

YOUR LEISURE TIME
UNIT X

UNIT NOTES TO THE TEACHER

If you haven't yet introduced a study of the metric system, a brief discussion could be included in this unit when you mention travel mileage and conversion to kilometers.

ASSIGNMENT SHEET #2

A department store catalog (such as Penney's, Sears, Ward's, etc.) could be used to obtain examples of sports equipment cost ranges. Class discussion could also include cost of various sporting recreations and equipment over a long-range time period. Sports that can be carried on into later life and old age could be mentioned.

ASSIGNMENT SHEET #3

When discussing the pros and cons of buying manufactured goods versus handmade, consider personal product specifications, pride in craftsmanship, learning a skill, production tool cost, etc. Once again, department store catalogs could be used for tool, material and manufactured product cost comparisons.

ASSIGNMENT SHEET #4

The extra, or sometimes hidden, costs charged at renting time should also be considered, such as: one-way rentals, temporary insurance coverage on rented cars, gasoline, etc.

ASSIGNMENT SHEET #5

Students should be asked to fill in the blank line with appropriate figures for their class and economic level of the community, etc. The itinerary sheet will have to be duplicated seven times (for each day of the week). A travel agent might be invited to speak to the class at this time.

TEST

Question #4 should be completed with a figure that is reasonable for the community volunteer needs availability.

YOUR LEISURE TIME
UNIT X

INFORMATION SHEET

Related Materials

I. Terms and definitions

- A. Confirmation--A contact (either oral or written) made with the persons holding or booking reservations to reassure each party of the intention to uphold the reservation.
- B. FAA (Federal Aviation Administration)--The governmental agency that regulates all U. S. aviation safety and security.
- C. Advance Booking Discount--A charter discount airfare plan which does not require passengers to book through a certain group or club. It requires only the use of a travel agent and advance sign-up (15-30 days).
- D. Reservation--To request a setting aside, for future use, of things such as bus, plane, or train seat occupancy, hotel rooms and guided tour group spaces.
- E. Tariff--A term to include all the rules, rates and fares that apply to transportation.

II. Leisure time activities cost money Assign. #1
TM-X-1

- A. Materials TM-X-2
- B. Lessons
- C. Collections
- D. Hobbies TM-X-3

III. Sport recreation requirements Assign. #2

- A. Equipment
- B. Playing area
- C. Lessons

	Related Materials
IV. Financial profits from leisure time	
A. Savings from do-it-yourself projects	Assign. #3
B. Selling hand-made products	
C. Giving lessons in interest areas	
V. Spending leisure time volunteering services	
VI. Leisure time allows time to travel	
A. Long-distance travel	TM-X-4
1. Meal cost averages	
2. Lodging expenditures	
B. Modes of travel transportation	
1. Railroad	
2. Airplane	TM-X-5 TM-X-6
3. Bus	
4. Automobile	Assign. #4
5. Comparison of costs	
C. Making reservations	
D. Planning a trip and budgeting spendings	Assign. #5
E. Ways to cut travel costs	
1. Hitchhiking and camping	TM-X-7
2. Youth hostels	
3. Budget motels/hotels	
4. Charter and group plans	
5. Work/travel arrangements	
6. Off-season reductions	
7. Flat-rate travel passes	

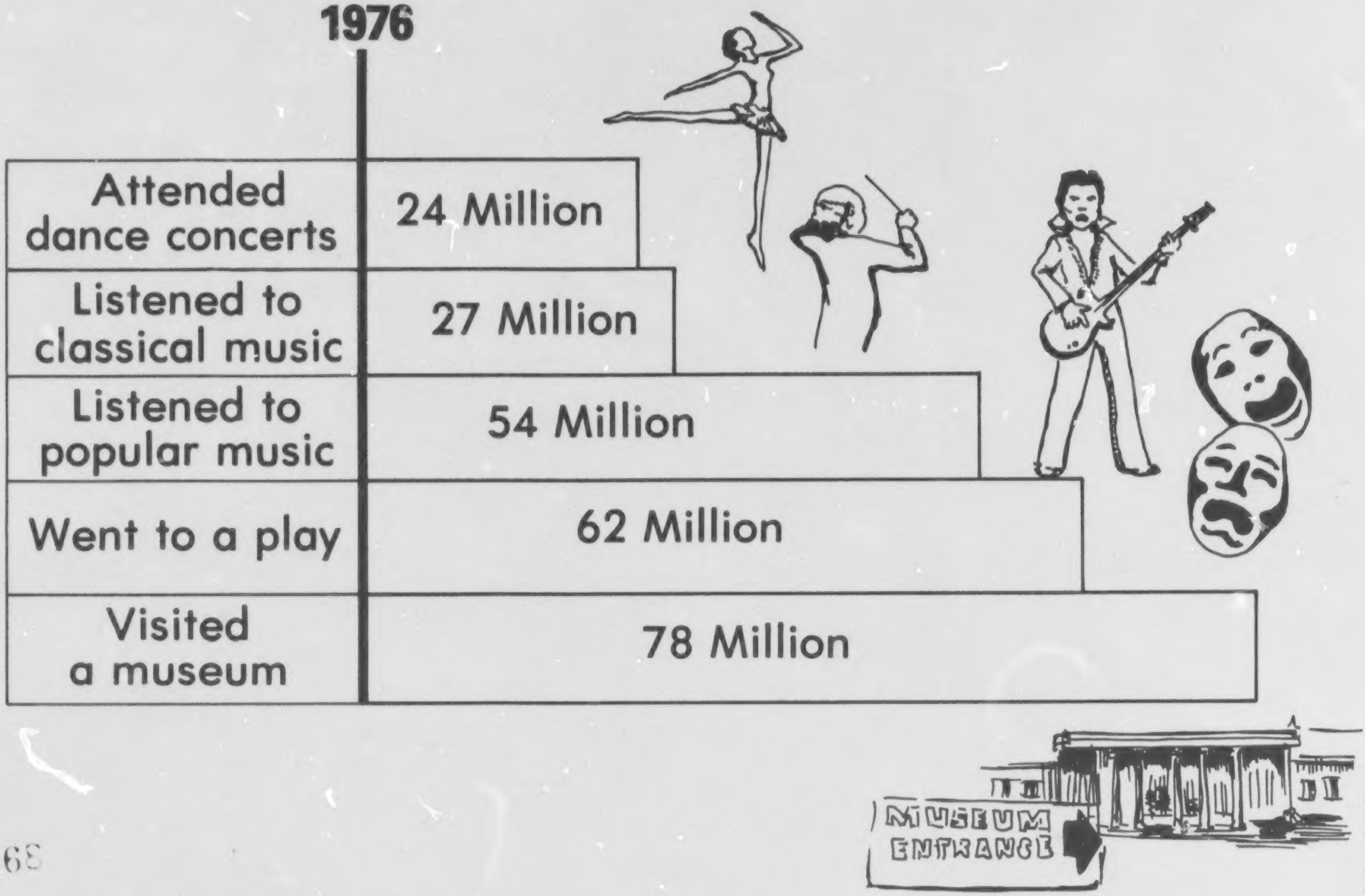
TM - X - 1

HOW MANY PEOPLE . . .

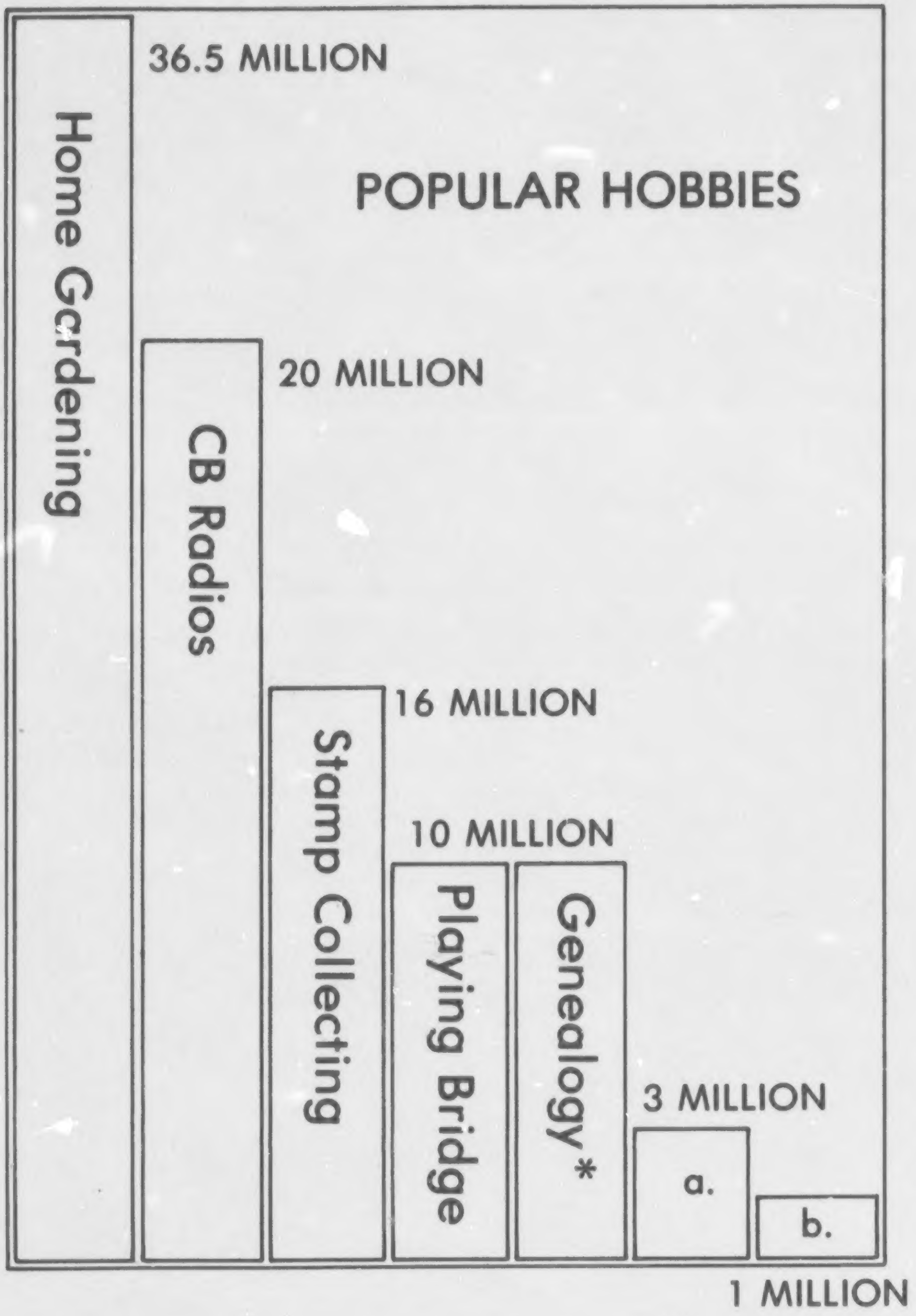
*SNOW SKI	11 million
WATER SKI	14 million
SWIM	103½ million
BICYCLE	75 million
FISH	64 million
*JOG	8½ million
BOWL	44½ million
*PLAY TENNIS	29 million
PLAY SOFTBALL	27 million
PLAY BASKETBALL	26 million
PLAY FOOTBALL	16 million
PLAY GOLF	16½ million

* FASTEST GROWING

"Classy" Hobbies in the United States



TM - X - 2



a. Photography

b. Coin Collecting

*(researching family history)

BE WISE

BE CAUTIOUS

Use

CREDIT CARDS

TRAVELER'S CHECKS

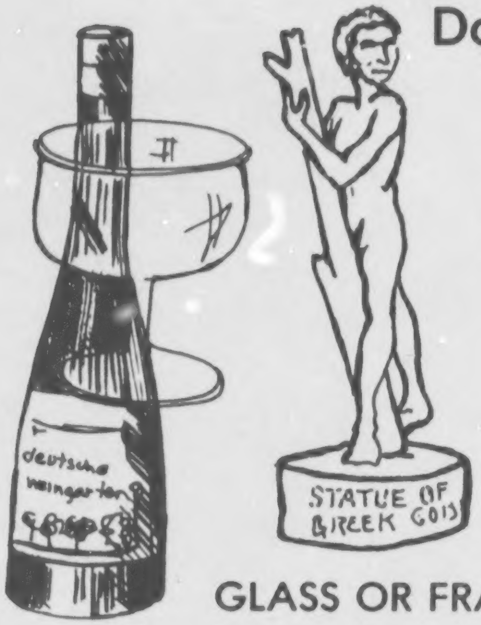
Don't Use

LARGE AMOUNTS OF MONEY

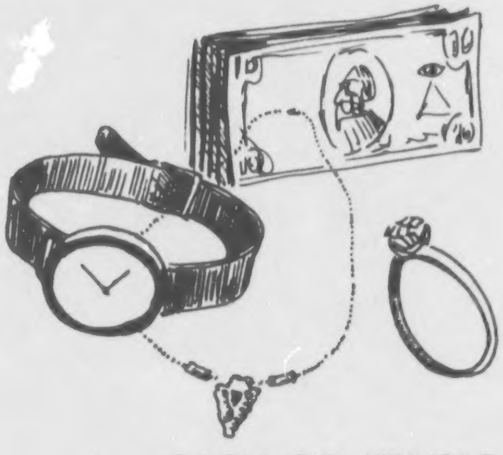
TM - X - 5

WHEN FLYING -

Don't Pack to Check Through

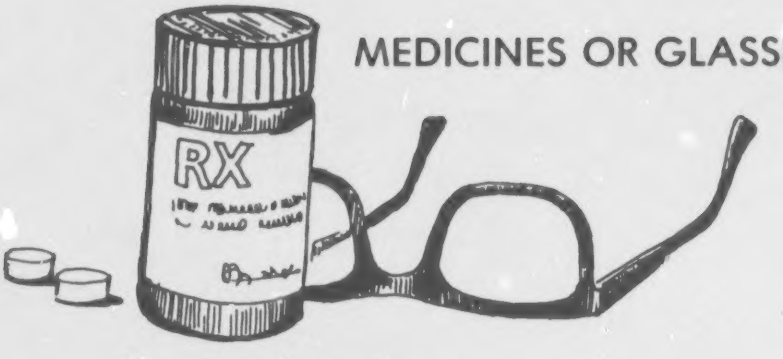

deutsche weingarten
STATUE OF GREEK GODS

GLASS OR FRAGILES



CASH OR JEWELS

MEDICINES OR GLASSES



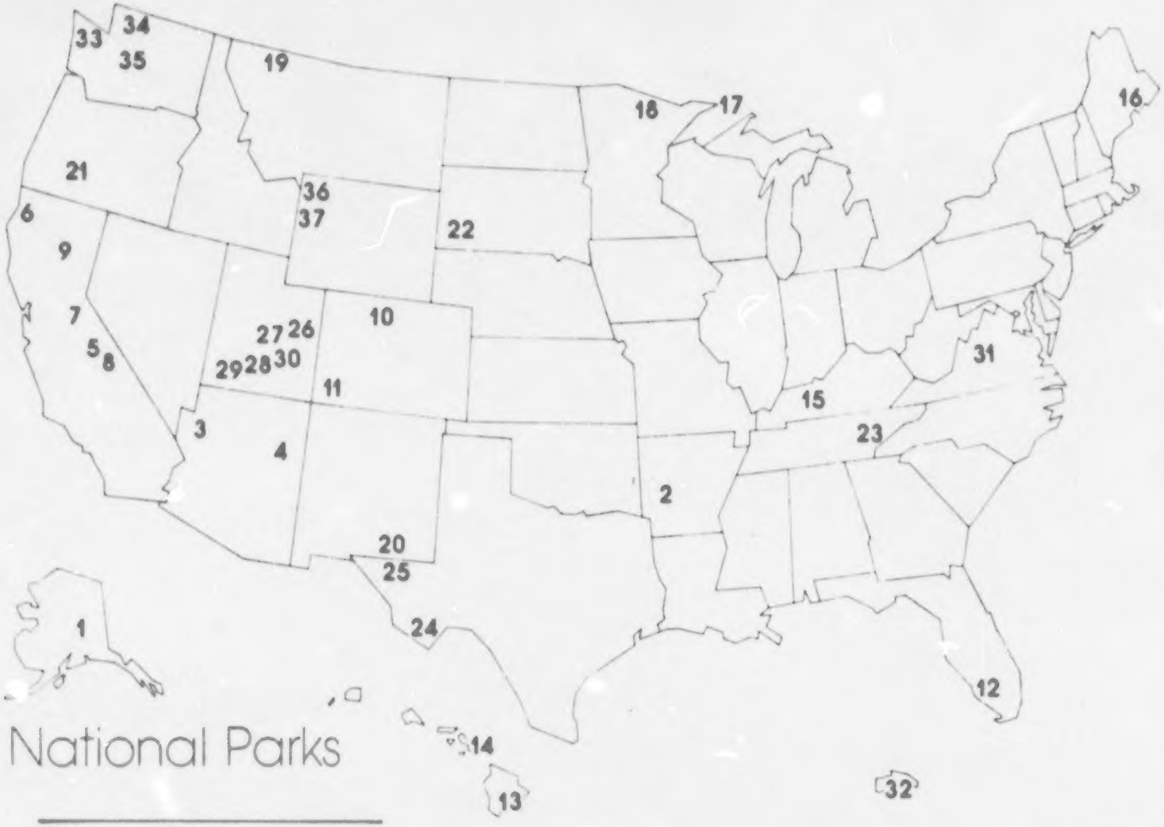
SOURCE: MAINLINER Magazine
June 1977
United Airlines, Chicago, IL

TYPES OF AIRLINE FARES

Type	Discounts	Ground Accommodations Required	Length of Stay Required	Advance Purchase Required	Available Markets	Misc.
Freedom Fare	15-20% Depending on season	None	7-30 days	14 days	All markets (Excluding Hawaii)	Limited number of seats per flight
Night Coach	20%	None	None	None	Generally long-distance	Generally available only after 10 p.m.
Individual Tour Basing (ITB)	15-25% Depending on season and market	Ground package required	Generally 6-30 days	None	Major pleasure travel markets	Not available Friday/Sunday after 2 p.m.
Advance Booking Charters (ABC)	40-50%	None	None	30 days	Most popular charter markets such as Hawaii, Mexico, and Las Vegas	For sale only through tour operator travel agent
One-Stop Inclusive Charters (OTC)	40-50%	Sleeping accommodations and necessary surface transportation	4 days	15 days	Most popular charter markets such as Hawaii, Mexico, and Las Vegas	For sale only through tour operator travel agent

SOURCE: MAINLINER Magazine
June 1977
United Airlines, Chicago, IL

Pinpointing Our National Parks



Our National Parks

Alaska
1 Mt. McKinley National Park

Arkansas
2 Hot Springs National Park

Arizona
3 Grand Canyon National Park
4 Petrified National Park

California
5 Kings Canyon National Park
6 Redwoods National Park
7 Yosemite National Park
8 Sequoia National Park
9 Lassen Volcanic National Park

Colorado
10 Rocky Mountain National Park
11 Mesa Verde National Park

Florida
12 Everglades National Park

Hawaii
13 Hawaii Volcanoes National Park (Hawaii)
14 Haleakala National Park (Maui)

Kentucky
15 Mammoth Cave National Park

Maine
16 Acadia National Park

Michigan
17 Isle Royale National Park

Minnesota
18 Voyageurs National Park

Montana
19 Glacier National Park

New Mexico
20 Carlsbad Caverns National Park

Oregon
21 Crater Lake National Park

South Dakota
22 Wind Cave National Park

Tennessee
23 Great Smoky Mountains National Park

Texas
24 Big Bend National Park
25 Guadalupe Mountains National Park

Utah
26 Arches National Park
27 Capitol Reef National Park
28 Bryce Canyon National Park
29 Zion National Park
30 Canyonlands National Park

Virginia
31 Shenandoah National Park

Virgin Islands
32 Virgin Islands National Park (St. John)

Washington
33 Olympic National Park
34 N. Cascades National Park
35 Mount Rainier National Park

Wyoming
36 Yellowstone National Park
37 Grand Teton National Park

TM - X - 7

Name ______________________________

YOUR LEISURE TIME
UNIT X

ASSIGNMENT SHEET #1: LEISURE TIME SPENDING JOURNAL

Directions: Use the following journal form and keep a detailed record for one week of exactly how you use your "free" or leisure time. Also, keep an account of how much money you spend on your spare time activities. You may be surprised to find how "expensive" it is to have fun!

Analyze your journal at the end of the week. Does your diary show some "wasted time" spaces that could be better filled enjoying a hobby? Is there time in your leisure for additional exercise in the form of sporting activities? Could one of your leisure time endeavors or hobbies be sold or otherwise turned into financial earnings?

LEISURE TIME SPENDING JOURNAL

Day of week and date	Total "free" time for a day		Description list of all leisure activities for day	List of any materials, equipment or rentals used for leisure activities	Leisure Money	
	hrs.	mins.			Spent	Earned
MONDAY						
TUESDAY						
WEDNESDAY						
THURSDAY						
FRIDAY						
SATURDAY						
SUNDAY						
				WEEK'S TOTAL	$	

Name ______________________________

YOUR LEISURE TIME
UNIT X

ASSIGNMENT SHEET #2: SPORT RECREATION REQUIREMENTS

Directions: Complete the comparison chart below to discover which popular sport costs the most money to enjoy. Enter your findings here: Most expensive sport ____________________, least expensive sport ____________________.

SPORTING COST SHEET

Name of sport	Required materials or equipment	Requirements for playing area	Cost of learning per lesson	Rentals needed
Swimming				
Bicycling				
Camping				
Pool/billiards				
Tennis				
Table tennis (ping-pong)				
Baseball				
Basketball				
Touch football				
Golf				
Water-skiing				
Snow skiing				
Jogging				
Sailing				
Handball				
Racquetball				
Archery				
Ice skating				

Name ______________________________

YOUR LEISURE TIME
UNIT X

ASSIGNMENT SHEET #3: RESEARCH COST ANALYSIS FOR "DO-IT-YOURSELFERS"

Directions: Given are descriptions of two items that can be obtained by buying them or making them yourself. Your task is to find the average purchase cost for each item and how much the materials and equipment would total if you made the item yourself. Fill in the form with your findings. Decide if the savings from "doing-it-yourself" are worth the needed skill and the time spent.

ITEM A: CLOTHING*

This item is of a style that you would want to wear. It may be either slacks, a shirt or a dress. Use popular materials and compare prices at a medium price range retail store. (suggestions: denim skirt or slacks, gauze workshirt, cotton sundress, etc.).

ITEM B: BOOKSHELF*

This item is for your bedroom. It is a simple, straight design and has 2 to 3 shelves. It may be stained or painted to match decor of room.

*Picture may be attached to form, if available.

Your name ______________________________ Date ________

ITEM A: Clothing Type ________________________

1. Do-it-yourself

Cost of materials needed $____________________

list here: _____ yds. @ $_____, notions $_____

pattern $_____

2. Store-bought

Selling price $__________

Store where available ______________________________

Your name ______________________________ Date ________

ITEM B: Bookshelf Type ________________________

1. Do-it-yourself

Cost of materials needed $__________

list here: lumber @ $_____, paint @ $_____

other $_____

2. Store-bought

Selling price $__________

Store where available ______________________________

Name ______________________________

YOUR LEISURE TIME
UNIT X

ASSIGNMENT SHEET #4: COMPLETE A RENTAL CAR APPLICATION

Directions: Fill out the following application blank for a rental car. Notice what types of information are needed. How do you think the car rental company would check on your driving record?

U-DRIVE-IT CAR RENTALS

CAR RENTAL AGREEMENT

Lessee's Name	Phone No.	Date		Time	
Address		Car will be returned by Date		Time	
City	State	Rate $ per day	$ per week	$ per month	
Driver's Lic. No.	State Expires	Plus c per mile			
Insurance Co.	Agent	Veh. No.	Lic. No	Make	Body Style
Coverage Comp. Coll. $ Ded. $	Liability	Pol. No.			

REQUEST FOR PERMISSION FOR PERSON OTHER THAN RENTER TO DRIVE

I hereby request Lessor's permission to allow ______________________ to drive this vehicle. Driver's Lic. No. ____________

APPROVED BY LESSOR: ______________________ RENTER: ____________
NOT VALID UNLESS APPROVED BY LESSOR'S REPRESENTATIVE

IMPORTANT – READ BEFORE SIGNING

THE LESSEE ACCEPTS FULL RESPONSIBILITY FOR ALL DAMAGE TO RENTED VEHICLE UP TO $250 PER COLLISION OR OTHER INCIDENT.

Signature ('s) ______________________________

IN CASE OF ACCIDENT, I agree to make and sign, as soon as possible, a detailed report of the same to Dealer, giving the cause of the accident, the names of the persons injured, extent of injuries, and the nature and extent of the physical damage sustained. I agree to secure, as far as possible, the names and addresses of all witness to the same.

IN CONSIDERATION of the covenants herein contained the undersigned Lessor hereby leases to the undersigned Lessee, hereinafter called "Renter" (including therein any additional renter signatory hereto), upon the covenants, terms and conditions set forth on this page, the motor vehicle described in this agreement, hereafter referred to as "said vehicle."

MILEAGE IN		
MILEAGE OUT		
MILES DRIVEN		
miles @ c		
Hours @		
Days @ $		
Weeks @ $		
Months @ $		
Damage		
Sub Total		
Tax		
NET AMOUNT DUE		

Assignment Sheet #4 continued

1. Lessor and Renter expressly agree that for the terms of this lease Renter is not and does not hereby become an agent, servant or employee of Lessor in any manner whatsoever.

2. Renter acknowledges that said vehicle is the rightful property of Lessor, although registered title may be in some third party, and further acknowledges that he received said vehicle in good and safe mechanical condition, and agrees that he will return said vehicle to Lessor at station from which it was rented or such other as is specifically designated herein, in the same condition as he received it, ordinary wear and tear excepted, on the return date stated herein, or sooner upon demand of Lessor.

3. Renter covenants and agrees that said vehicle will not be operated in violation of any law governing the use or return thereof, or in violation of any of the other terms and conditions set out above.

4. Renter expressly agrees to pay Lessor on demand: (a) a mileage charge computed at the rate specified for the mileage covered by said vehicle during the term of said rental; (b) Time, and special rate adjustment charges at the rates specified for this rental, (c) the inter-city return charge if any is indicated herein, or the cost of return of said vehicle to station where rented if said vehicle is left at any other location without written permission from Lessor; (d) state and local taxes, if any, payable on items a, b, and c; (e) a sum equal to the fair market value of all tires, tubes and accessories lost or stolen from said vehicle. (f) the amount of any fines and court costs for parking, traffic or other legal violations assessed against said vehicle; Renter or Lessor during term of this agreement, except where caused through fault of Lessor; (g) the amount of any collection costs, including attorney's fees, incurred by Lessor in obtaining payment from Renter under this agreement; (h) a sum equal to the cost of all damage to said vehicle provided, however, that so long as said vehicle is operated in accordance with all the terms, conditions, and covenants of this rental agreement, the Renter's liability to Lessor for such damage, (1) shall not exceed $250 or (2) shall be waived by Lessor if a special rental rate adjustment has been agreed upon herein and evidenced by initials of Lessor's Agent in the space provided herein. It is further agreed that if said rent and charges are not paid when due, or if Renter has breached any other provision of this agreement, or if Lessor has reasonable ground to believe Renter is going to breach any provision of the agreement, Lessor may immediately retake possession of the said vehicle wherever it is without cancelling its rights against Renter under this agreement.

5. THE RENTER EXPRESSLY AGREES THAT THE MOTOR VEHICLE LEASED TO HIM SHALL NOT BE OPERATED

a. To carry passengers for a consideration, express or implied;
b. In violation of any of the terms and conditions of this rental agreement;
c. By any person in violation of law as to age;
d. In any race or speed test or contest;
e. To propel or tow any trailer or vehicle used as a trailer.
f. By a Renter or Driver who has given a fictitious name or address to the Lessor;
g. By any person under the influence of intoxicants or narcotics;
h. For any illegal purpose;
i. By a Driver outside his usual and customary employment by the Renter, or by a Driver outside the regular and usual employment of the Renter;
j. In any instance where the speedometer of said vehicle has been tampered with or disconnected.

Drivers Signature ______________________ Approved For Lessor ______________________

Name ______________________________

YOUR LEISURE TIME
UNIT X

ASSIGNMENT SHEET #5: PLANNING A VACATION

Directions: Assume that you have saved $500 and one week's free time. With this information you are to plan, in detail, a vacation for yourself. You may go anywhere outside a 100-mile radius from your home. You may travel by any mode of transportation, visit as many places and do as many things as your money and time allow. The cost of meals, lodging, rental equipment, gasoline, sightseeing, etc., must be included. Complete the following forms and use actual bus, plane or train schedules or prices if applicable.

MY VACATION

My destination is __________________________, and I am going to get there by _______________. I will travel a total of _____ miles (kilometers) and will be gone _____ days. While on my vacation, some points of interest I will see are: _________________________

____

____.

I chose to go to this place on my vacation because: ____________

____

____

____

____.

I plan to spend a total of $_____ out of the $500 given me.

BON VOYAGE!

VACATION PLAN:

Day ____________________ Date ____________
Will leave ______________ and travel to ____________
by way of ______________ (Flight #_____), will travel a
total of __________ miles/kilometers today.

ITINERARY

Morning

Breakfast at ________________ (estimated cost $_____)
Leave ______________ at _____(a.m.): arrive
________________ at _____.
Activities: ______________________________
____
(tour #_____) ______________________________.

Afternoon

Lunch at ________________ (estimated cost $_____)
Leave ______________ at _____: arrive ________
at _____p.m.
Leave ______________ at _____: arrive ________
at _____
Activities: ______________________________
____

Evening

Dinner at ________________ (estimated cost $_____)
Leave ______________ at _____ p.m.: arrive ______
______________ at _____
Activities: ______________________________
____

Total spendings for day $__________ travel (ticket, gas, etc.)
$__________ meals (snacks, etc.)
$__________ miscellaneous (tows, etc.)

Name ______________________________

YOUR LEISURE TIME
UNIT X

TEST

1. Define each of the following travel-related terms.

   a. FAA

   b. Advance booking discounts

   c. Reservation

   d. Confirmation

   e. Tariffs

2. From your research in comparing sport recreation activities, what sport was generally the most expensive one to enjoy as a leisure time activity? ________________ Why do you think this is so?

3. Discuss three ways you can gain financially from leisure activities.

4. List volunteer needs and their associated agencies in your community to which a high school student could donate his or her time.

5. Identify the most expensive mode of transportation and explain possible reasons for its high cost.

YOUR LEISURE TIME
UNIT X

ANSWERS TO TEST

1. a. Federal Aviation Administration--The governmental agency that regulates the safety and security of all U. S. air travel.

   b. A discount air fare package that requires advance booking through a travel agent but has no group membership requirements.

   c. To request a setting aside for future use of things such as bus, plane or train seat occupancy, hotel rooms and guided tour group spaces.

   d. A contact after a reservation to restate the intention to honor the reservation.

   e. A term to include all the rules, rates and fares that apply to transportation.

2. Answers will vary.

3. Savings from do-it-yourself projects
   Selling hand-made products
   Giving lessons in interest areas

4. Answers will vary.

5. Airlines--because of their heavy use of expensive fuel, large maintenance staffs and upkeep of equipment.